DOCUMENT RESUME

ED 416 577 EA 028 898

TITLE	Intermediate Units in Pennsylvania: The Role of Educational Service Agencies in Promoting Equity in Basic Education.
INSTITUTION	Pennsylvania Joint State Government Commission, Harrisburg.
PUB DATE	1997-12-00
NOTE	72p.
PUB TYPE	Reports - Research (143)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Administrative Organization; Educational Equity (Finance); *Educational Objectives; Elementary Secondary Education; *Equal Education; *Public Schools; *Pupil Personnel Services; *School Organization; *State Surveys
IDENTIFIERS	*Pennsylvania

ABSTRACT

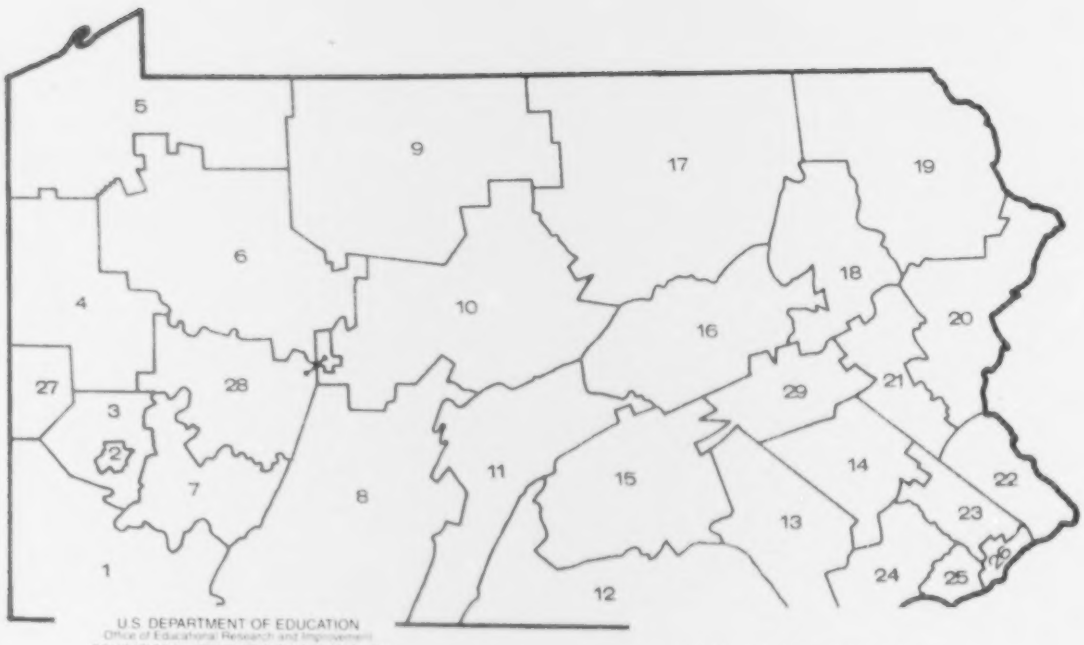
For most of its history, Pennsylvania's public school system has consisted of three levels: the state level, the local school districts, and an intermediate level. In 1970, the intermediate level was reorganized into 29 intermediate units (IUs). In 1997 the state's General Assembly directed the Joint State Government Commission to study how the state's IUs currently assist schools. It was found that IUs offer a large number of programs to school districts and nonpublic schools, covering such areas as personnel training, curriculum development, technology, instructional materials, educational planning, pupil instruction and personnel services, special education, cooperative administration projects, and statewide programs and services. The IUs have no independent taxing authority and receive most funds from state appropriations, grants, sales of services, contributions, student tuition, and investment income. The Commission recommended that the IUs' role in advancing educational equity be enhanced, that the governance of IUs be strengthened, and that state funding to IUs be increased to maximize their contribution to state education, through programs such as cooperative administrative projects, services to children and adults, and instructional material services. (RJM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

EA

INTERMEDIATE UNITS IN PENNSYLVANIA

The Role of Educational Service Agencies in Promoting Equity in Basic Education



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
E. Arensberg
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

General Assembly of the Commonwealth of Pennsylvania
JOINT STATE GOVERNMENT COMMISSION
December 1997

BEST COPY AVAILABLE

EA 028 898

INTERMEDIATE UNITS IN PENNSYLVANIA

The Role of
Educational Service Agencies
in Promoting Equity in Basic Education

General Assembly of the Commonwealth of Pennsylvania
JOINT STATE GOVERNMENT COMMISSION
108 Finance Building
Harrisburg, PA 17120
December 1997

The cover map displays Pennsylvania's 29 Intermediate Units which serve the Commonwealth's 501 school districts and their communities.

1. Intermediate Unit 1
2. Pittsburgh-Mt. Oliver IU 2
3. Allegheny IU 3
4. Midwestern IU 4
5. Northwest Tri-County IU 5
6. Riverview IU 6
7. Westmoreland IU 7
8. Appalachia IU 8
9. Seneca Highlands IU 9
10. Central IU 10
11. Tuscarora IU 11
12. Lincoln IU 12
13. Lancaster-Lebanon IU 13
14. Berks County IU 14
15. Capital Area IU 15
16. Central Susquehanna IU 16
17. BLaST IU 17
18. Luzerne IU 18
19. Northeastern Educational IU 19
20. Colonial Northampton IU 20
21. Carbon-Lehigh IU 21
22. Bucks County IU 22
23. Montgomery County IU 23
24. Chester County IU 24
25. Delaware County IU 25
26. Philadelphia IU 26
27. Beaver Valley IU 27
28. ARIN IU 28
29. Schuylkill IU 29

The release of this report should not be construed as an indication that the members of the Executive Committee of the Joint State Government Commission endorse all of the report's findings, recommendations or conclusions.

JOINT STATE GOVERNMENT COMMISSION
ROOM 108 FINANCE BUILDING
HARRISBURG PA 17120-0018

717-787-4397
FAX 717-787-7020

e-mail: jntst02@palegis.cmic.state.pa.us

The Joint State Government Commission was created by act of July 1, 1937 (P.L.2460, No.459) as amended, as a continuing agency for the development of facts and recommendations on all phases of government for the use of the General Assembly.

JOINT STATE GOVERNMENT COMMISSION, 1997

OFFICERS

Roger A. Madigan, Chairman

Ivan Itkin, Treasurer

EXECUTIVE COMMITTEE

Senate Members	House Members
Robert C. Jubelirer President Pro Tempore	Matthew J. Ryan Speaker
F. Joseph Loeper Majority Leader	John M. Perzel Majority Leader
Robert J. Mellow Minority Leader	H. William DeWeese Minority Leader
David J. Brightbill Majority Whip	Donald W. Snyder Majority Whip
Leonard J. Bodack Minority Whip	Ivan Itkin Minority Whip
Noah W. Wenger Chairman, Majority Caucus	Howard L. Fargo Chairman, Majority Caucus
Michael A. O'Pake Chairman, Minority Caucus	Mark B. Cohen Chairman, Minority Caucus

MEMBER EX-OFFICIO

Roger A. Madigan, Commission Chairman

Conrad C. M. Arensberg, Counsel

David L. Hostetter, Assistant Counsel

WORKING GROUP ON INTERMEDIATE UNITS

John K. Baillie, Ed.D.
Executive Director
Chester County IU 24
535 James Hance Court
Exton, PA 19341

Patricia A. Cabrey
Assistant Executive Director
Pittsburgh-Mt. Oliver IU 2
Birmingham Towers, Suite 600
2100 Wharton Street
Pittsburgh, PA 15203

Kay Campbell
Parent Education Network
Right to Education Task Force
2870 Honey Valley Road
York, PA 17403

Honorable Ronald R. Cowell
Minority Chairman - Education Committee
House of Representatives
Harrisburg, PA 17120

Samuel J. Craighead
Executive Director
Intermediate Unit 1
One Intermediate Unit Drive
Coal Center, PA 15423-9642

Edward Donley
Former Chairman
Air Products & Chemicals, Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-9501

Larry Fenton
Secondary Teacher
Steelton-Highspire School District
126 Circle Drive
Hummelstown, PA 17036

Katie Fry
Right to Education Task Force
United Cerebral Palsy
of South Central Pennsylvania
308 East Walnut Street
Hanover, PA 17331

Edward T. Frye, Ph.D.
Executive Director
Capital Area IU 15
55 Miller Street
P. O. Box 489
Summerdale, PA 17093-0489

Honorable Samuel E. Hayes Jr.
Secretary
PA Department of Agriculture
Agriculture Office Building & Laboratories
2301 North Cameron Street
Harrisburg, PA 17110-9408

Earl H. Horton, Ed.D.
Chairman
Council of Basic Education
State Board of Education
321 North Homestead Drive
Landisville, PA 17538

Gary W. Ledebur, Ed.D.
Executive Director
Family Resource Network
The School District of Philadelphia
21st Street So. of the Parkway - Rm. 509
Philadelphia, PA 19103-1099

Warren F. Likens
Business Administrator
Bucks County IU 22
705 Shady Retreat Road
Doylestown, PA 18901

Joseph Mickley Jr., Ed.D.
Executive Director
Colonial IU 20
6 Danforth Drive
Easton, PA 18045-7899

David A. Mowery, D.Ed.
Superintendent
Gettysburg Area School District
900 Biglerville Road
Gettysburg, PA 17325-8007

Honorable James J. Rhoades
Chairman - Education Committee
Senate of Pennsylvania
Harrisburg, PA 17120

Honorable Jess M. Stairs
Chairman - Education Committee
House of Representatives
Harrisburg, PA 17120

Robert B. Towsey, Ph.D.
Superintendent
North East School District
50 East Division Street
North East, PA 16428-1350

Harry W. Wirth
Superintendent
Conestoga Valley School District
2110 Horseshoe Road
Lancaster, PA 17601-6099

GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA
JOINT STATE GOVERNMENT COMMISSION
ROOM 108 - FINANCE BUILDING
HARRISBURG 17120

717-787-4397
FAX 717-787-7020

ROGER A. MADIGAN
Chairman
IVAN ITKIN
Treasurer

EXECUTIVE COMMITTEE
SENATE MEMBERS:
LEONARD J. BODACK
DAVID J. BRIGHTBILL
ROBERT C. JUBELIRER
F. JOSEPH LOEPER
ROBERT J. MELLOW
MICHAEL A. O'PAKE
NOAH W. WENGER

HOUSE MEMBERS:
MARK B. COHEN
H. WILLIAM DeWEESE
HOWARD L. FARGO
IVAN ITKIN
JOHN M. PERZEL
MATTHEW J. RYAN
DONALD W. SNYDER

ADMINISTRATIVE STAFF
CONRAD C. M. ARENSBERG
Counsel
717-787-6361
DAVID L. HOSTETTER
Assistant Counsel
717-783-9376

December 1997

TO THE MEMBERS OF THE GENERAL ASSEMBLY:

The Joint State Government Commission is pleased to present this report on the manner in which the intermediate units currently assist the public schools and the ways by which the IUs can further help advance the principle of equity by the most cost-effective means for the schools of this Commonwealth.

This report is the result of deliberations of a working group of legislators, educators and other interested public citizens, whose names are listed in the report. Let me hereby extend the thanks of the General Assembly for their valuable and thoughtful assistance.

Respectfully submitted,

Roger A. Madigan

Roger A. Madigan
Chairman

CONTENTS

SUMMARY AND RECOMMENDATIONS 1

INTRODUCTION 5

LEGISLATIVE HISTORY OF THE INTERMEDIATE UNIT 7

- Early School Legislation 7
- Public School Code of 1949 9
- Creation of Intermediate Units 10
  - Preliminary Studies 10
  - Christman Study 12
  - Intermediate Unit Legislation 13
  - Legislative History of Act 102 15
  - Amendments to the Intermediate Unit Provisions 18
  - Funding Provisions 19

EQUITY AND THE PUBLIC SCHOOL SYSTEM 21

- Constitutional Challenges 21
- The Parameters of Educational Equity 28
- Economic Measurement of Efficiency and Equity 30
  - Efficiency 30
  - Equity 30
- Equity and the Intermediate Unit 31

CURRENT INTERMEDIATE UNIT OPERATIONS 33

Services 33
Training and Development Services 34
Technological Services 35
Instructional Materials Services 35
Educational Planning Services 35
Instruction and Pupil Personnel Services 36
Services to Children 36
Services to Adults 37
Special Education Services 37
Cooperative Administrative Projects 37
Statewide Programs and Services 38

Revenues and Expenditures 39
Sources of Funds 39
Uses of Funds 43
Basis for Funding 43
Accounting for Funding 47
Economies of Scale 47

RECOMMENDATIONS 49

BIBLIOGRAPHY 51

APPENDIX A: RESOLUTION 57

SUMMARY AND RECOMMENDATIONS

For most of its history, Pennsylvania's public school system has consisted of three levels: the State level, the local school districts and an intermediate level. Until 1971, county superintendents supplied the structure between the State and local levels. In 1970, the General Assembly passed Act 102, creating a system of 29 intermediate units (IUs), which replaced the county superintendent offices as of July 1, 1971. The IUs were mandated to create a broad program of educational services to be offered to public and nonpublic schools, including curriculum development and instructional improvement services; educational planning services; instructional materials services; continuing professional education services; pupil personnel services; State and federal agency liaison services; and management services. The IUs were created to act as instruments of federal, State and local education policies. They were empowered to create new services needed by public and nonpublic schools. The IUs were envisioned as being able to achieve economies of scale in the provision of services. Since the creation of the IUs, several amendments have expanded the mandated services that the IUs are required to provide to nonpublic schools.

Presently, the IUs offer a large number of programs to school districts and nonpublic schools, in the areas of personnel training and curriculum development, technology, instructional materials, educational planning, pupil instruction and personnel services, special education, cooperative administration projects and statewide programs and services.

The mandates for IU programs and the funding to support them must be evaluated in light of evolving standards of equity and efficiency. These considerations largely shape the debate on the public schools. A key forum for this debate is the school funding litigation proceeding in many states and presently pending in the Supreme Court and the Commonwealth Court in Pennsylvania. In other states, appellate courts that have seen fit to reach the substantive issue have propounded standards of equity and adequacy, with the latter possibly emerging as the more workable approach. At the same time, increasing emphasis is being placed on quantitative measures of efficiency and equity to buttress public demands for standards and accountability. These efforts have resulted in measures of financial

resources (including funding disparities among school districts), systemic efficiency and educational quality. Evaluation of the recommendations of this report should consider whether they promise to improve the IUs' performance as measured in these ways.

The IUs have no independent taxing authority. Their major sources of revenues are State appropriations, governmental grants, sales of services, member school district contributions, student tuition, and income from investments. IU expenditures are made for employee salaries and benefits, purchases of professional and property services, and supplies and equipment.

In the fiscal year ending June 30, 1996, IU current operating revenues totaled about $1.047 billion: $375.2 million (36 percent) was received from the State; $411.4 million (39 percent) from the federal and local governments; and $260.4 million (25 percent) from other sources, primarily school districts and nonpublic schools that purchased IU services. IU revenues allocated to the seven specifically authorized service categories totaled $48.1 million; to all federal programs $170.7 million; to State special education programs $516.3 million; to State-mandated Act 89 programs $64.8 million; to other State-mandated programs $169.9 million; and to administration and medical assistance programs $77.2 million.

In the same year, IU current operating expenditures totaled about $1.039 billion. Expenditures related to instruction amounted to two-thirds of this total; expenditures related to instructional support accounted for the remaining one-third. Administrative expenses made up 9 percent of total expenditures.

The IUs account for their funding by submitting budgets and annual financial reports (AFRs) to the Pennsylvania Department of Education. The AFR is a balance sheet, income statement and flow-of-funds statement. It contains data on revenue and expenditure dollars, but not units of service. The IUs also produce annual reports and other reports for internal use.

No comprehensive study has been made of the overall cost savings attributable to IUs. Examples of specific cost saving programs have been computed and would appear to indicate that the IUs do generate significant cost savings for school districts and nonpublic schools.

As a result of the study of the current operations of the IUs and the mandate of House Resolution No. 89, the following recommendations are submitted for consideration:

1. **Enhance the Role of the IUs in Advancing the Principle of Educational Equity**. IU services mandated by federal, State and local governments have been made available to school districts and private schools, regardless of their size or wealth. Marketable services developed by the IUs have been made available to schools that would not otherwise be able to provide them, and to schools that are willing to pay for them. IU services and programs have apparently saved the schools a considerable amount of money. Thus the IUs have contributed to both equity and cost efficiency. The role of the IUs in creating equity and efficiency--as instruments of State education policy, and as entrepreneurs of creative and marketable services and programs--has been realized to a significant degree and should be expanded. Strengthening collaboration among IUs and their function as conduits for innovative new programs developed by the Department of Education, the school districts and the IUs, already very important, should allow them to play an even greater role in promoting educational equity process.

2. **Strengthen the Governance of the IUs for Greater Effectiveness and Accountability**. A central office should be established in the Department of Education to provide for standardization of administration and compliance enforcement and measurement of the IUs. This office would act as a voice for the IUs within State government and serve as a central point for dispersing State policy initiatives to the IUs. Revised and consistent reporting requirements for IU finances, and new reports for IU input and output units, would improve the measurement of the IUs' contributions to equity and cost efficiency, and make the IUs more accountable. Revised budget approval methods for the IUs should be adopted. These new methods should reflect more closely the sources and importance of IU funding; they should also hold the IUs more accountable. An attempt should be made to standardize the quality of programs among the IUs. Standardized IU services would contribute to equity by making comparable resources available to all Pennsylvania students.

3. **Increase State Funding to the IUs to Maximize their Contribution**. To insure the existence of the IUs as a system, the State should provide an equal dollar subsidy for a core operation in each IU, such as a director, business manager and

basic support staff, adjusted only for regional differences in costs. This State operating subsidy would guarantee a basic level of IU services to each member school district or private school, regardless of its size or wealth. Additional operating revenues for IU operations which exceed the core could still be assessed to member school districts based on their size and wealth. For services mandated by the State, funding should be provided directly by the State, tied to average statewide IU service or program costs, and adjusted by the size and wealth of the school districts that make up the IUs. Expanded services mandated and funded by the State, provided by IUs to students regardless of their ability to pay, would directly contribute to equitable educational access and adequacy. For pilot programs to establish new educational programs approved by the Department of Education, the State should give seed money to IUs for program start-ups. These funds would be phased out as the programs become self-sustaining. These temporarily subsidized programs, which might otherwise not be implemented, could lead to innovative new solutions to educational inequities.

INTRODUCTION

For most of the history of the public school system in this Commonwealth, the system has consisted of three levels: viz., the State level, the local school districts and an intermediate level. Until 1970 the county superintendents supplied the structure between the State and local levels, but in that year, the intermediate level was reorganized into 29 intermediate units (IUs). In recent years, questions have arisen regarding what the proper role of the IUs should be and whether the IUs are carrying out that mission in the context of the reform movement to improve the quality and equity of American public education.

In order to assist the Pennsylvania General Assembly in considering these issues, the House of Representatives adopted House Resolution No. 89 on April 7, 1997.[1] The resolution directed the Joint State Government Commission as follows:

> RESOLVED, That the Joint State Government Commission conduct a study and report to the General Assembly as to how intermediate units currently assist schools and recommend specific strategies and methods for the intermediate units to further help advance the principle of equity in the availability of basic education programs and services for Pennsylvania students in the most cost-effective manner; and be it further
>
> RESOLVED, The Joint State Government Commission select a working group of legislators, Intermediate Unit Executive Directors, other educators, and other interested public officials and private citizens to assist in the development of this report; and be it further

[1]The complete text of the resolution is included as Appendix A of this report.

RESOLVED, That the Joint State Government Commission report its findings to the General Assembly no later than December 1, 1997.

Accordingly, the Commission designated a working group of 19 members to deliberate upon the issues presented by the resolution. The working group met on August 20, September 24 and November 14, 1997. The members, listed on page iv, brought their knowledge and experience to bear on the subject. The group also benefitted from the views expressed by the legislative members and staff who participated at these meetings.

LEGISLATIVE HISTORY OF THE INTERMEDIATE UNIT

The IU was created by the act of May 4, 1970 (P.L.311, No.102) to replace the county boards of directors and county superintendents, which constituted the intermediate level between the State and the local district for most of the history of Pennsylvania's public schools.

EARLY SCHOOL LEGISLATION

The Commonwealth's tripartite system of basic education was established by the act of May 8, 1854 (P.L.617, No. 610).[2] At the local level, all municipalities were required to provide for common schools under a popularly elected school board, which was given the power to tax. At the State level, the Secretary of the Commonwealth was designated the Superintendent of Public Schools.

Between the State and local levels, the 1854 act provided for county superintendents elected at a triennial convention of the school directors in each county. The directors were required to select as county superintendent "one person of literary and scientific acquirements and of skill and experience in the art of teaching" (§ 39). The county superintendent was charged with the duty to periodically visit the public schools of the county and to oversee the instruction together with the local directors "so that each school shall be equal to the grade for which it was established, and that there may be as far as practicable, uniformity in the course of studies in schools of the several grades respectively" (§ 37). The county superintendent was charged with assuring that competent teachers were provided for all the required subjects. The county superintendent was also responsible for examining and certifying the teachers in the school district and could annul a teacher's certificate at his discretion upon ten days notice

---

[2]The act of June 13, 1836 (P.L.525, No.166) required all municipalities outside Philadelphia to constitute school districts.

to the teacher and the board (§ 41). His other duties included collecting the reports of the local districts and forwarding them to the State superintendent, along with his own report on the condition of the schools and his suggestions for improvements in the school system (§ 42). The county superintendents were certified by the State superintendent, who also had the power to remove a county superintendent and to fill any vacancies in that office until the next triennial convention.[3]

The act of May 18, 1911 (P.L.309) constituted a much more elaborate and comprehensive school code than the consolidation of 1854, but the structure of the school system remained fundamentally similar. The office of Superintendent of Public Instruction had been mandated as a cabinet appointee by Article IV, §§ 1 and 8 of the Constitution of 1874. The 1911 code gave him general supervisory power over the public schools. The State superintendent was assisted by a new six-member State Board of Education, appointed by the Governor (§§ 901–912). In addition to its advisory powers, the board was given the power to "equalize, through special appropriations for this purpose, or otherwise, the educational advantages of the different parts of this Commonwealth" (§ 905).

The school code of 1911 provided for county superintendents elected to a four-year term by all the school directors of the school districts in the county (§ 1104). The county superintendents were included in the same article with the district and assistant superintendents, and in several provisions the same duty was assigned to both county and district levels. The electoral procedure was specified in detail (§§ 1105–1118) and comprehensive requirements regarding eligibility for appointment were established (§§ 1102 and 1103). The instructional supervisory duties were retained from the 1854 code (§ 1123); in addition, the county superintendent was charged with the duty of inspecting the school grounds of all districts under his supervision and reporting to the directors of the affected district any violations of the provisions of the school code relating to "sanitary or other conditions" (§ 1124). He was also required to call an annual teachers' institute lasting at least five days for the purpose of training and to direct that meeting (§ 2101 et seq.). Depending upon the number of teachers employed in the county, the county superintendent was authorized to appoint assistant superintendents, subject to confirmation by the five officers of the county school directors' association (§§ 1126 and 1127).

---

[3]Ibid., § 40 (certification); § 46, ¶ VII (removal); § 44 (filling of vacancies).

A county superintendent could be removed by the State superintendent "for neglect of duty, incompetency, immorality, or other improper conduct" or for violations of the school code upon notice of the grounds and a hearing (§ 1119). Any vacancies in the office of county superintendent were filled by the State superintendent after consideration of nominations by the officers of the county school directors' association (§ 1120).

PUBLIC SCHOOL CODE OF 1949

The act of March 10, 1949 (P.L.30, No.14) enacted the Public School Code of 1949, which, with numerous amendments, constitutes the bulk of the law presently governing public education in this Commonwealth.

The provisions regarding the county superintendents were remarkably similar to those of the 1911 code.[4] The eligibility qualifications were tightened somewhat by increasing the professional experience requirement to six years, including three in administration or supervision, and adding a requirement of completion of a graduate course in education (§ 1003). The most important change was a requirement that all districts employ a supervisor of special education (§ 1052). In counties employing 550 teachers or more, the supervisor of special education was required to be full-time. In counties with fewer than 550 teachers, a part-time supervisor would be appointed and shared with other small counties, but no supervisor was allowed to serve more than three counties. The State Council of Education was responsible for determining which counties would be served by a part-time supervisor.

---

[4]Election and term of office, § 1021; election procedure, §§ 1022–1033; qualifications, §§ 1002 and 1003; instructional supervision, § 1037; inspection of buildings and grounds, § 1038; appointment of assistant superintendents, §§ 1051–1060; removal for cause, § 1034; vacancies, § 1035.

CREATION OF INTERMEDIATE UNITS

Preliminary Studies

As part of the Joint State Government Commission's continuing study of the public schools, a special committee under Senator Paul L. Wagner of Schuylkill County examined the local administration of the schools in 1954. The committee's recommendations called for "limitation of the administrative structure of the public schools to three levels, local, intermediate, either county or regional, and state" and for "reorganization of the county superintendent's office (with the approval of the State Council of Education) with respect to personnel in order to furnish essential educational and supervisory services and to eliminate nonessential services."[5] A brief summary of findings, presented to the Commission on December 9, 1954, concluded that apparently jointures had transferred many of the county supervisor's duties to the district superintendents, associate superintendents and supervising principals.[6]

On April 14 and 15, 1955, the Pennsylvania Conference on Education was held in Harrisburg. About 500 education officials and other interested citizens participated in this meeting, which was held in conjunction with the White House Conference on Education. Among the six discussion groups was one dealing with the issue: "How Can We Organize Our Educational System Most Efficiently and Economically?" The meeting adopted the following resolution:

> Whereas, the present organization of administration for school management in the State of Pennsylvania has evolved by accident rather than by planned pattern, and;
>
> Whereas, this procedure has resulted in a state of confusion and a lack of clarification of the responsibilities of local administrators, county superintendents, and the State Department of Education, and;

---

[5]"Summary of Proceedings, Meeting of Special Committee on District and County Administration of Public Schools, November 22, 1954," 2. This material is in the files of the Commission.

[6]"Report of Executive Committee to Joint State Government Commission on Continuing Study on Public Schools," 3. This material is in the files of the Commission.

Whereas, this confusion is essentially due to considerable permissive legislation attempting to safeguard the principle of local autonomy, thus resulting in duplication of effort, dissipation of professional energies, and a waste of tax dollars;

Therefore, be it resolved that this conference recommend that the State Council of Education present a proposed plan to the Legislature for identifying agencies of the State to serve as an extension of the State's educational authority at an intermediate level and to function as a service and leadership agency in the interest of all local units included in the intermediate plan.

It is further recommended that in order to promote this plan with a minimum amount of disturbance, the existing county administrative organizations that now have sufficient pupil populations to justify these services, should be designated as an intermediate unit, and where existing county school population is inadequate, counties or parts of counties shall be combined to form an intermediate unit of sufficient size to perform properly the function of this office.

The State Council shall establish such standards of services needed, and the qualifications and certification of the personnel to staff these intermediate units commensurate within the scope of its responsibilities.[7]

The State Council of Education was mandated under the act of May 31, 1956 (P.L.1937, No.650) to "prepare a statewide plan for the reorganization of counties, or parts thereof, into intermediate units of school administration. . ." and submit the plan and implementing legislation to the Commission by December 1, 1956. The council's plan divided the Commonwealth into 37 proposed districts for regional school service areas, comprising 16 single counties and 21 combinations of counties. These regional areas were developed through application of the following criteria: minimum population (75,000); minimum market value of taxable property ($150 million); maximum area (1,000 square miles); minimum enrollment (15,000 pupils); and minimum staffing (500 professional employees). An

---

[7]Pennsylvania Department of Public Instruction, *Reports of Group Recorders, Pennsylvania State Education Conference*, July 12, 1955, 28-29.

area was required to meet at least three of these criteria in order to qualify as a viable district. The report included draft legislation adding a new Article IX-A to the Public School Code.

The State Council's findings and conclusions stated that effective organization of a State system of public schools requires "a sound pattern of organization at the State level; a sound organization of administrative units at the local level; and an organization of intermediate units, for the sole purpose of supplying special services when, where, and as needed by the local administrative units."[8]

Christman Study

The initiative that proximately resulted in the establishment of the IU originated with a study mandated by 1965 Appropriation Act No. 83-A. In response to that legislation a Committee on IUs was assembled, composed of eight members of the General Assembly and 15 professional educators and other citizens, chaired by Dr. Paul S. Christman. The Committee's report, *An Intermediate Unit for Pennsylvania*, was issued in January, 1967. Noting that reorganization had reduced the number of school districts to 466, the report outlined the purpose of the "middle echelon" in the structure of the public school system:

> The development of school districts staffed by more competent persons, more adequately financed, large enough to provide many basic services, and with a strong community commitment to education has also brought about a reassessment of the present middle echelon—the county office. Mass communication developments permit direct and rapid communication between the Department of Public Instruction and each school district. Improved transportation facilities place local and State administrators within a few hours of each other. Clearly there is little need for a middle echelon to administer or operate schools.
>
> On the other hand, increased demands are being made of the education system, resulting in the need for highly specialized services which cannot be provided well

---

[8][State Council of Education], "Summary of Findings and Conclusion" (Item 4), 3 [syntax modified].

> either by the Department or a school district. The growth of such activities as national curriculum development projects, research and development centers at universities, regional learning laboratories, and many new State-served activities, creates the need for a better system of coordinating these activities and bringing them to a school district. These developments suggest the need for some kind of intermediate unit to provide services to school districts.[9]

The report outlined a detailed plan for the creation of the IUs, including governance, program, staffing, financing and geographical assignment.[10] The report divided the Commonwealth into 25 IU districts based on a goal of a maximum of 100,000 pupils, modified to permit ease of travel.

Intermediate Unit Legislation

The IUs were established by the act of January 14, 1970 (1969 P.L.468, No.192), which abolished the county board of school directors, the county superintendents and other county-level school officers and transferred their responsibilities to the IU, and the act of May 4, 1970 (P.L.311, No.102), which added Article IX-A (Intermediate Units) to the Public School Code. Act 102 divides the Commonwealth into 29 IUs and specifically assigns each school district to a unit. The operation of the IUs commenced on July 1, 1971 (Public School Code §§ 901-A and 902-A). Provision is made to permit the transfer of a school district from one IU to another (§ 903-A) and for the merger of two or more IUs (§ 904-A). To the IU is transferred all responsibility formerly vested in the county boards with respect to special pupil services (§§ 908-A and 914-A(7)) and vocational-technical education (§§ 909-A and 914-A(7)). Each IU is governed by a board composed of thirteen school directors serving within its territorial jurisdiction (§ 910-A(a)). The board of directors selects the officers and the executive director and has statutory power of approval over other professional staff (§§ 912-A, 913-A, 914-A and 915-A). The chief school administrators within the IU's jurisdiction comprise the IU council to advise the executive director (§ 916-A). In order to take effect, the IU budget must be adopted by the IU board of directors and approved by a majority of the

---

[9]State Board of Education, *An Intermediate Unit for Pennsylvania* (Harrisburg, 1967), 1.

[10] Ibid, 9-12.

school districts within the IU and a majority of the "proportionate votes" of the school directors, with votes weighted in proportion to student enrollment of the respective districts (§ 914-A(6)).

IUs are charged with the duty of providing the services formerly provided by the county boards of school directors and of developing a program of services to be submitted to the Secretary of Education[11] by May 1, 1971, to be annually updated thereafter for budgetary approval (§ 906-A). The board is specifically authorized to adopt a program of services covering curriculum development and instructional improvement services; educational planning services; instructional materials services; continuing professional education services; pupil personnel services; State and federal agency liaison services; and management services. Additional services can be added to the program upon approval by a majority of all the boards of school directors comprising the IU (§ 914-A(5)). Each IU is also required to provide for and conduct programs and services authorized by the State Board of Education and to take over the responsibilities formerly vested in the county boards of school directors with regard to education of exceptional children, educational broadcasting, audio-visual libraries, instructional materials centers, and area technical and vocational-technical schools, subject to applicable laws (§ 914-A(7)).

The original enactment contained detailed provisions regarding the funding of IU operations. The share each IU received from the "Governor's budget for the succeeding fiscal year for the support of intermediate units" was determined by a formula based on the weighted average daily memberships (WADMs) of the school districts within the IU and the aid ratio determined in the same manner as for school districts (§ 917-A).[12] The IUs are required to submit their budgets to the Secretary of Education, who is required to estimate the amount payable to each IU and pay the State's obligation to the IUs in two payments, the first in July and the second in December (§ 918-A). In addition the Commonwealth was obligated to pay each IU a capital subsidy to defray leases approved by the State superintendent for "office space, classrooms, buses, garages, warehouse space, equipment and similar facilities" (§ 919.1-A).

---

[11]Under the act of July 23, 1969 (P.L.181, No.74), the Department of Public Instruction became the Department of Education and the Superintendent of Public Instruction became the Secretary of Education.

[12]Insofar as this provision implies that an appropriation can be made by the Governor without enactment of an appropriation bill by the General Assembly, the provision appears to violate article III, § 11 of the Pennsylvania Constitution.

Where the IU operating budget exceeds State support, the school districts are required to make up the difference under a formula determining each district's share by its WADMs and aid ratio (§ 920-A(a)). Provision is also made for payments from school districts to IUs for services performed by the IU to individual districts but not authorized by the majority of districts for the entire IU and for relieving school districts of the obligation of making those payments if the district operates the program itself (§ 920-A(b) and (c)).

Legislative History of Act 102

Act 102 generated extensive debate on the floor of the General Assembly. The prime proponent of the legislation in the House of Representatives was Representative Max H. Homer of Allegheny County, who described its purpose as follows:

> The reason for the intermediate unit legislation is to provide all students within that intermediate unit all of the advantages of good, progressive educational facilities, such as, vocational technical schools, schools for exceptional children, retarded children, health services, and so forth.[13]
>
> [T]he purpose of the intermediate unit is to consolidate smaller counties which are not now spending the money adequately, or as adequately as they could if they were joined together in the one common cause of providing needed services that the school districts on a local level do not provide.
>
> Mr. Speaker, the purpose of the intermediate unit is to allow the smaller counties to join their facilities together in one common effort to provide better services, using the same amount of money that they are now spending individually, but because of their limits, by joining their money and resources together, with the same amount of money they can provide better services for the students, and especially those students to whom I referred, the exceptional children.[14]

---

[13] *Legislative Journal-House*, February 17, 1969, 148.
[14] Ibid., March 3, 1969, 241.

Representative Homer drew a connection between this mission and the provision of equal educational opportunity:

> The intermediate unit legislation has been pending now for the last couple of years. I think it is a step in the right direction to help the children of the State of Pennsylvania because today facilities are quite lacking in smaller counties because the smaller counties cannot provide the facilities necessary for the retarded children, the retarded educables, the retarded trainables. They cannot provide the necessary facilities for the vocational-technical training that is necessary. If Pennsylvania is indeed going to be a leader in the field of education, equal opportunity for all children should be had, and this is a very important step in providing this equal opportunity for education for all children in all communities whether large or small and in all counties whether large or small. I think this is of major importance, not so much whether it be 20, 30, 50 or 100 thousands of dollars needed to set up a wonderful thing for children, but what is going to happen to the children of this State if we do not move into progressive educational legislation and into these intermediate units.[15]

As these remarks indicate, the legislative process culminating in the enactment of Act 102 was protracted, and there was considerable opposition in both Houses. It was objected that the IUs lacked a clear-cut mission, that the program would add another layer of bureaucracy to the school system and that the real purpose of the program was to provide a sinecure for the county educational officials.[16] The bulk of the objections, however, were fiscal in nature, especially to the allegedly unlimited potential for growth in

---

[15]Ibid., December 2, 1969, 1547.

[16]Ibid., February 17, 1969, 145-46 (Rep. Benjamin H. Wilson); *Legislative Journal—Senate*, November 18, 1969, 702 (Sen. Robert O. Beers).

the cost of the program.[17] Several members referred to the fiscal crisis facing the State at that time. Senator Clarence D. Bell of Delaware County voiced concern that the forecast cost of the program ranged from $200,000 to $70 million.[18] He added that the IUs had the power to spend money without the duty to levy taxes and that the effect of the program on a poor school district could be to transfer its resources into programs favored by other districts in the IU.[19] Senator William G. Sesler of Erie County defended the legislation by emphasizing the economies in the administration of services afforded by the IU structure in reducing the number of offices furnishing county-wide services from 67 to 29; in his view, the IU represented "a logical outcome of reorganization."[20]

---

[17]Senator Robert O. Beers of York County was particularly vehement in his opposition to IUs as a potential runaway program:

> One of the reasons why State Government costs so much is that, from time to time, there appears above the surface a very minute portion of a periscope and somebody, who feels that the periscope represents some great good to the Commonwealth, recommends that the State Legislature buy it. So, they buy that tip of the periscope and, then, the atomic submarine surfaces and blasts the countryside and then consumes vast quantities of greenbacks, making the brontosaurus consumption of vegetation look like a picnic. Ibid., 701.

[18]Ibid., 700.

[19]Ibid., 701-703, passim.

[20]Ibid., 701.

Amendments to the Intermediate Unit Provisions

Since its original enactment, 24 statutes have been passed amending or adding various provisions relating to IUs.[21] Several of these have extended the kinds of services that may be provided by IUs.

- The act of August 1, 1975 (P.L.180. No.89), mandated that the IUs furnish a broad range of auxiliary services to nonpublic school children attending school within the IU.[22] The program is funded by a special allocation to the IUs from the department.[23] Since 1977, the amount of the allocation has been tied to the median annual instruction expense per WADM.

- Three amendments added specific services to be furnished to nonpublic schools if similar services are afforded public school students: the act of November 26, 1975 (P.L. 460, No.129) (services for diagnosis and correction of speech and hearing defects); the act of September 26, 1978 (P.L.771, No.147) (§ 923.1-A) (diagnostic and evaluative psychological services); and the act of October 10, 1980 (P.L.924, No.159) (§ 923.2-A) (diagnostic, evaluative and instructional visual services).

---

[21]This count includes the act of November 26, 1975 (P.L.460, No.129). While technically a free-standing act, it is in substance an amendment to Article IX-A, as it adds the furnishing of speech and hearing services to nonpublic school children to the mandate of the IUs.

Five of these amendments dealt exclusively with the manner of electing the IU boards of directors. Three amendments dealt in whole or in part with additional powers of the IU board of directors: act of December 6, 1972 (P.L.1417, No.308) (assignment of school districts to area vocational-technical attendance areas); act of April 6, 1980 (P.L.86, No. 30) (purchase and lease of motor vehicles; and act of July 10, 1986 (P.L.1270, No. 117) (ownership of office space and warehouse facilities).

[22]The act of July 12, 1972 (P.L.863, No.195) added § 923-A to the Public School Code, which directed the Department of Education to loan textbooks, instructional materials and instructional equipment to nonpublic school children, either directly or through the IUs and subject to monetary limitations on the cost of the materials purchased and loaned. The act of August 1, 1975 (P.L.183, No.90) deleted provisions in this section authorizing the purchase for loan of instructional equipment. Under the Department of Education regulations, the Department, rather than the IUs, is the responsible agency for providing these services. 22 Pa. Code §§ 114.21 and 115.21.

[23]Public School Code, § 922.1-A. Act 89 replaced § 922 of the Public School Code, which was added by the act of July 12, 1972 (P.L. 861, No. 194).

- The act of April 6, 1980 (P.L.86, No.30) (§ 914.1-A) granted IUs and school districts the power to contract with private residential rehabilitative services for the provision of educational services to children placed in those institutions pursuant to judicial proceedings under the Juvenile Act. This provision has been amended five times to clarify the reimbursable services and the fiscal responsibility for the costs involved. Under the act of July 11, 1996 (P.L.633, No.107), the school district of residence must pay the actual cost of the educational services, up to one and one-half times the otherwise applicable tuition charge.

The remaining amendments to Article IX-A dealt with administrative and fiscal matters. The act of April 4, 1974 (P.L.243, No.57) (§ 924-A) required the Secretary of Education to issue an annual report to the General Assembly on the operation of the IU program; however, this requirement ceased as of June 30, 1980.

Funding Provisions

The budgetary provisions relating to the IUs have changed significantly since the enactment of Act 102. It appears that the original 1970 legislation gave each IU a share of a predetermined operating budget based on the WADMs and the aid ratios in each of the 29 IU jurisdictions (§§ 917-A and 918-A). In addition, the IUs received a capital subsidy to defray approved leases for office space, classrooms, buses and other facilities (§919-A). The difference between the Commonwealth's allocation to the IU and the IU operating budget is made up by contributions from the school districts comprising the IU (§ 920-A(a)). The act of August 24, 1977 (P.L.199, No.59) changed the formula for computing the Commonwealth's general operating allocation to provide a cap of 0.45 percent of the total statewide instruction expense and to phase in an allocation based on the proportion of ADMs in each IU (§ 917.1-A). The capital subsidy was also changed to cap the total allocation at 0.03 percent of total statewide instruction expense (§ 919.1-A). The act of July 10, 1986 (P.L.1270, No.117) reduced the total general operating allocation to 0.4 percent of total statewide instructional expense and made the allocation of increased amounts over 1985-86 payable half equally for each IU and half proportional to their respective ADMs. The act of July 11, 1996 (P.L.633, No.107) cut the Commonwealth's IU general operating allocation by 50 percent, and the act of June 25, 1997 (P.L.297, No.30) froze the IU allocation and capital subsidy for 1997-98 at the level of the previous year.

EQUITY AND THE PUBLIC SCHOOL SYSTEM

House Resolution No. 89 directs this study to examine how IUs can "help advance the principle of equity" in the provision of basic education in the Commonwealth. In recent years the public debate over equity in public education has in large measure been shaped by the outcome of court litigation on the issue of public school financing. This section will examine the course of this litigation to reveal the principles by which the state supreme courts have tested school funding and performance, then will discuss the measures used in judging efficiency and equity in the public school context. The section will conclude by pointing out the substantial role the IUs play in helping to assure that the Constitution's pledge of a thorough and efficient education will be fulfilled for all the schoolchildren in this Commonwealth.

CONSTITUTIONAL CHALLENGES

Beginning in California with *Serrano v. Priest*, 487 P.2d 1241 (Cal. 1971), a series of cases has challenged the constitutionality of the method of funding the public school system in several states. While differing in detail, each of these challenges alleges that the traditional method of funding the educational system, depending as it does on the property tax, creates disparities in the quality of education between the richer districts and the poorer, resulting in an educational system that deprives the students of the poorer districts of the level of education guaranteed by their respective state constitutions. This litigation has given courts in some states an opportunity to set forth their views on what constitutes equity in the context of the public schools and what level of equity is required to comply with their respective state constitutions.

The school funding litigation has proceeded in three distinct waves. The first alleged a violation of the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution. This strategy met decisive defeat, however, when the United States Supreme Court ruled that equal

protection afforded by federal law only required that state educational funding systems meet the rational basis test, that is, bear a rational relationship to advancing a legitimate state interest.[24] The second wave was based on both the equal protection and education clauses of the state constitutions and stressed the disparity of resources between the richer and poorer school districts. This initiative was given considerable impetus when the Supreme Court of New Jersey declared that state's system invalid in *Robinson v. Cahill*, 303 A.2d 273 (N.J. 1973). The third and current wave, in which Pennsylvania figures as a key battleground, focuses on the education clauses of the state constitutions. In some of these cases, the plaintiffs have shifted from an argument based on equality to one based on adequacy: a claim that the state is failing to provide the disadvantaged pupils with an education that adequately prepares them for their future lives as citizens and economic producers.[25]

One commentator has advanced four reasons for the apparent shift from the equality approach to the adequacy approach in school finance reform litigation. In his view, adequacy is less complex and exhibits greater appeal to accepted principles of fairness and opportunity; decisions based on adequacy do not threaten local control of schools; adequacy litigation appeals to urban school districts, especially those that actually expend more per pupil than the State average; and the adequacy approach harmonizes well with the trend toward evaluating school outputs.[26]

The Education Clause of the Pennsylvania Constitution (Article III, § 14) states: "The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."[27] The leading case interpreting the Education Clause is *Danson v. Casey*, 484 Pa. 415, 399 A.2d 360 (1979), in which the Pennsylvania Supreme Court dismissed a challenge to the system of funding Pennsylvania's schools as applied to Philadelphia, where the plaintiffs claimed that the pupils in Philadelphia were denied a thorough and efficient

---

[24]*San Antonio Independent School District v. Rodriguez*, 411 U.S. 1 (1973).

[25]Michael Heise, "State Constitutions, School Finance Litigation, and the 'Third Wave': From Equity to Adequacy," 68 Temple Law Review 1151 (1995); William E. Thro, Note, "To Render Them Safe: The Analysis of State Constitutional Provisions in Public School Finance Reform Litigation," 75 Virginia Law Review 1639 (1989).

[26]Heise, 1174-76.

[27]Eighteen other states have similar constitutional provisions. Thro, 75 Virginia Law Review 1639, 1663 (1989).

public education. The Court declined to entertain the claim concluding the funding scheme as established by the Legislature did not prevent the school district of Philadelphia from fulfilling its constitutional duty. The Court also noted it could conceive of no judicially manageable standard for defining and evaluating the components of a thorough and efficient education, other than a mandate for equal expenditure for each pupil. This alternative is precluded because the debates at the time of the adoption of the present constitutional language made clear that the drafters had considered and rejected a requirement of uniformity in order to permit a substantial degree of local control to meet differing local needs.

The school finance cases necessarily involve a determination as to the relative powers and duties of the judicial and legislative branches with respect to education. Some courts in other states confronted with challenges based on constitutional provisions similar to Pennsylvania's have noted that the "thorough and efficient" standard does not provide the courts much guidance, and that a declaration of unconstitutionality may create a confrontation between the judiciary and the legislative branch, may involve the courts in arguably political issues they are ill-equipped to decide, and may require remedies that are beyond the institutional competence of the courts to enforce. Consequently, some courts have taken a restrained view of the enforceable requirements of the "thorough and efficient" standard. In *Hornbeck v. Somerset County Board of Education*, 458 A.2d 758 (Md. 1983), the Maryland Supreme Court held that the Thorough and Efficient Clause did not require equality of resources, but only that efforts be made by the state "to minimize the impact of undeniable and inevitable demographic and environmental disadvantages on any given child."

Pauley v. Kelly, 255 S.E.2d 859 (W.Va. 1979) represents a relatively early attempt to give greater substantive content to the "thorough and efficient" standard. Decided after *Rodriguez*, it also illustrates the approach the more aggressive state courts adopted in response to the second wave of school finance reform litigation. The plaintiffs relied on both the state Equal Protection Clause and the Thorough and Efficient Clause to argue that education was a fundamental right and that the funding statutes must therefore withstand strict scrutiny if the plaintiffs could prove that a constitutionally mandated thorough and efficient education was provided in some districts but not in others. The Court looked to dictionary definitions of "thorough" and "efficient," the record of the debates preceding the adoption of the provision in West Virginia and in Ohio (which was the first state to adopt this standard), and the cases in other states. The Court formulated the constitutional mandate as follows:

> We may now define a thorough and efficient system of schools: It develops, as best the state of education expertise allows, the minds, bodies and social morality of its charges to prepare them for useful and happy occupations, recreations and citizenship, and does so economically.[28]

Anticipating the adequacy approach, the Court identified eight categories of subject matter that must be included and noted that the system must provide adequate physical infrastructure, materials, personnel, and supervision of efficiency and competency.

A more demanding statement of the standards required by the Thorough and Efficient Clause was set forth by the New Jersey Supreme Court in *Abbott v. Burke*, 575 A.2d 359 (N.J. 1990), where the Court held that the educational legislation enacted in response to its invalidation of the prior funding system was itself invalid as applied to the poorest urban school districts. This decision is likely to figure prominently in Pennsylvania's consideration of the current system of public school financing, whether or not the Court chooses to follow its reasoning. As with the other decisions invalidating state educational systems, the New Jersey Court emphasized that the Constitution conferred the ultimate responsibility for the adequacy of the system on the *state*, not the local districts. The Court held that the state must amend its system of financing the public schools so as to guarantee that the poorest urban school districts receive funding at a level substantially comparable to that afforded the wealthy suburban districts and that additional funding be provided by the state to offset the negative impact that socioeconomic disadvantage has had on the pupils in the poorest school districts. The Court based these directives on its prior holding in *Robinson v. Cahill* that the constitution required the state to provide all public school students with "that educational opportunity which is needed in a contemporary setting to equip a child for his role as a citizen and as a competitor in the labor market."[29] Therefore, "poorer disadvantaged students must be given a chance to be able to compete with relatively advantaged students."[30]

In *Rose v. Council for Better Education, Inc.*, 790 S.W.2d 186 (Ky. 1989), the Kentucky Supreme Court held education a fundamental right and

---

[28] *Pauley v. Kelly*, 255 S.E.2d 859 (W.Va. 1979)

[29] *Abbott v. Burke*, 575 A.2d 359, 372 (N.J. 1990), quoting *Robinson v. Cahill (I)*, 303 A.2d 273 (1973).

[30] *Abbott v. Burke*, 575 A.2d 359, 372.

invalidated that Commonwealth's entire school system under the mandate of the Kentucky Constitution to "provide an efficient system of public schools throughout the state."[31] The Court gave a detailed listing of the constitutionally required characteristics of the public educational system:

> The essential, and minimal, characteristics of an "efficient" system of common schools, may be summarized as follows:
>
> 1) The establishment, maintenance and funding of common schools in Kentucky is the sole responsibility of the General Assembly.
>
> 2) Common schools shall be free to all.
>
> 3) Common schools shall be available to all Kentucky children.
>
> 4) Common schools shall be substantially uniform throughout the state.
>
> 5) Common schools shall provide equal educational opportunities to all Kentucky children, regardless of place of residence or economic circumstances.
>
> 6) Common schools shall be monitored by the General Assembly to assure that they are operated with no waste, no duplication, no mismanagement, and with no political influence.
>
> 7) The premise for the existence of common schools is that all children have a constitutional right to an adequate education.
>
> 8) The General Assembly shall provide funding which is sufficient to provide each child in Kentucky an adequate education.

---

[31]Ky. Const. § 183.

9) An adequate education is one which has as its goal the development of the seven capacities recited previously. [32]

While there are assurances of equality in this standard, the emphasis has shifted toward the substantive content of the education provided the students, as compared with the New Jersey Court's decision that based a remedy on equality of resources. (In any case, the Kentucky Court's stance on equality is somewhat undercut by its statement that the General Assembly may "empower [local school entities] to enact local revenue initiatives to supplement the uniform, equal educational effort that the General Assembly must provide.")[33] A similar set of educational standards was also adopted by the Alabama Supreme Court in *Opinion of the Justices*, 624 So.2d 107 (Ala. 1993).

A major recent case applying the Thorough and Efficient Clause of the Ohio Constitution invalidated that state's funding system.[34] This case is significant not only because a large neighboring state has applied a similar Constitutional provision to Pennsylvania's, but also because the Court had upheld Ohio's previous funding scheme in *Board of Education of Cincinnati v. Walter*, 390 N.E.2d 813 (Ohio 1979). For purposes of this discussion, the most important feature of *DeRolph* is its focus on resources rather than outcomes. The state, which bears the responsibility for educational quality under the Constitution, fails in its obligation if school districts are starved for funds or lack teachers, buildings or equipment. The state's school system is not thorough and efficient if "a school district [is] receiving so little local and state revenue that the students [are] effectively being deprived of educational opportunity."[35] The Court recognized that disparities in educational resources between districts are inevitable, that equal educational opportunity is unrealistic as a judicial mandate, and that wealthier districts should not be discouraged from providing a school system that goes beyond the Constitutional minimum. Under this approach, an institution, such as an IU,

---

[32] *Rose v. Council for Better Education, Inc.*, 790 S.W.2d 186, 212-13 (Ky. 1989). The "capacities" identified by the Court were oral and written communications skills; knowledge of economic, social and political systems; understanding of governmental processes; self-knowledge and knowledge of the student's own "mental and physical wellness"; grounding in the arts; training in academic or vocational fields; and academic and vocational skills.

[33] Ibid, 212.

[34] *DeRolph v. State*, 677 N.E.2d 733 (Ohio 1997).

[35] Ibid., 741.

that permits resources in the poorer districts to afford greater educational benefits significantly assists the state in meeting its educational responsibility.

By expanding the conceptual framework used to define equity, those courts that have spoken to equity issues are attempting to address the inverse relationship perceived between need and resource allocation. Rather than rely on strictly economic definitions of equity, courts have combined economic, educational and social objectives, in effect requiring that school systems provide the resources needed to assure a sufficient social investment in each unit of service rendered to students. Where resources are inadequate to this task, courts have held state efforts to provide a thorough and efficient education to be inadequate, either at the school district or state level. Review and criticism of an educational system's internal elements is one way to promote a more rational and inventive approach to meeting identified need; definitions of educational need in recent court decisions reflect ideological differences among state courts concerning the relationship between funding and other elements of the system, and how this relationship affects the system's capacity to produce thorough and efficient outputs.

As of this writing, Pennsylvania's system of public school funding is the subject of two lawsuits that challenge the system under the Thorough and Efficient Clause. *Pennsylvania Association of Rural and Small Schools v. Casey*, 11 M.D. 1991 (Pa. Commw. Ct.) was filed on behalf of 215 districts; *Marrero v. Commonwealth*, 182 M.D. 1997 (Pa. Commw. Ct.) was filed on behalf of the pupils in the Philadelphia School District.[36] In addition, the litigation regarding desegregation of the Philadelphia School District under the Pennsylvania Human Relations Act has dealt with the issue of requiring increased funding for the Philadelphia schools; this case is now pending in the Pennsylvania Supreme Court.[37] Thus it remains to be seen what effect, if any, the recent cases applying various judicial standards to public school financing will impact the consideration of equity in the public schools of this Commonwealth.

---

[36]A history of the latter suit may be obtained on the Internet at http://www.ezonline.com/parss/eqtime.htm.

[37]*Pennsylvania Human Relations Commission v. School District of Philadelphia*, ___ Pa. Commw. ___, 667 A.2d 1173, 1183-85 (Pa. Commw. Ct. 1995).

Whatever the outcome of this litigation, the growth of emphasis on output that has manifested itself in school funding litigation has taken firm hold in the administration of the public schools of this Commonwealth, as is evident in such initiatives as the Department's promulgation of tightened standards of school assessment, student learning outcomes and school performance incentives.[38] At the same time, recent legislation has focused on increasing funding for those school districts with high market value/income aid ratios (i.e., the poorer school districts)[39] and creating service programs that provide greater assistance to disadvantaged school districts, such as distance learning[40] and Project Link to Learn.[41] The public school system has to some extent responded to both the performance adequacy and resource equity strains shown in the school funding litigation in other states.

THE PARAMETERS OF EDUCATIONAL EQUITY

There appears to be growing consensus regarding the criteria considered relevant to and useful for measuring economic, educational and social inputs and outputs both in the context of educational equity litigation and in the broader public discussion on policies to improve the quality and fairness of the public school system. These criteria can be loosely grouped into three general categories: those assessing funding schemes and financial resources; those relating to system efficiency; and those describing efficacy or the quality of education delivered.

Measures used to describe equity in economic terms focus on the amount of State and local revenue allocated per pupil. These include pupil population, property wealth, property tax, personal income, overall municipal tax burden and number of pupil recipients of Aid to Families with Dependent

---

[38]See 22 Pa. Code §§ 5.202, 5.222, 5.231 and 5.232 and Public School Code § 2502.34.

[39]Public School Code §§ 2502.29, 2502.33 and 2509.5(m)-(o).

[40]Public School Code §§ 784.2 and 2597.

[41]Public School Code § 1501-A et seq.

Children.[42] In conducting economic analyses, courts and commentators have considered these factors, then examined the effect of State funding on wealth disparities existing at the district level.

Measures of systemic efficiency address both quantitative and qualitative aspects of equity. Monitoring implementation and compliance with educational goals, objectives, and standards relating to acceptable curricular program content; staffing ratios; faculty experience and training; staffing and special resources have been considered in this context. Analyses of efficiency describe the relationship between these measures and the economic criteria described above, as well as to various poverty indicators describing the district and student population.

The third type of measures attempt to represent the quality of the education delivered. Overall performance, or output, of educational systems must be examined in light of the economic, historical, social and cultural context in which the services they provide are delivered, according to the degree to which they are responsive to changing expectations concerning what constitutes a sufficient level of education. Criteria include student skills as indicated by performance on standardized tests, failure rate, dropout rate, quality of facilities, and patterns of differential course offerings relative to district wealth. More general social indicators affecting the quality of education students receive include family participation and support, community involvement, violence, poverty, and availability of role models; these are considered factors which may affect students' ability to realize their innate educational potential.

Taken as a whole, these criteria have been used to define relative educational need, and have served as justification for courts mandating and for observers to advocate more equitable funding schemes. These criteria may suggest approaches by which IUs can address equity issues in Pennsylvania.

---

[42]The Temporary Assistance for Needy Families (TANF) program, Title I of Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193), replaced the Aid to Families with Dependent Children (AFDC) with a new block-grant program to the states. The AFDC program in Pennsylvania was replaced by TANF in March 1997.

ECONOMIC MEASUREMENT OF EFFICIENCY AND EQUITY

A salient feature of the recent efforts to reform public education has been the attempt by economists and accountants to devise quantitative measures of efficiency and equity. These efforts have provided specific content to demands by public officials, parents and other citizens to improve the accountability of the public schools. The following standards may be applied to the IUs.

Efficiency

In the current structure of IUs, efficiency is difficult to measure because the IUs do not report either output units (e.g., students served) or input units (e.g., employees) to the State or any other public forum. These measures, when combined with corresponding dollars, could be used to compare unit revenues and costs, both among IUs and between IUs and other educational service agencies across the country. At present, input and output units are apparently tabulated within the individual IUs, a special study would be required to collect and summarize this data for all IUs.

School districts and nonpublic schools have the option of producing special education services themselves, rather than procuring them from IUs. Properly, the costs of these district programs should also be computed and compared to the equivalent costs of the IUs. Differences between the two may represent differences in efficiency but could also measure differences in program quality. Quality of services is much more difficult to measure than quantity of services.

Equity

Equity is also difficult to measure because equity is difficult to define. At present, the IUs sell services to school districts and nonpublic schools at prices related to costs; the IUs must compete with their school districts and other customers as producers. Therefore, IU prices have to be competitive. In general, each IU charges the same price for the same service to all of its customers, regardless of the customer's location, size or ability to pay. Therefore, equity defined as *equal access* to IU services is assured in one sense--equality of prices. But not all school districts or nonpublic schools

have an equal ability to purchase IU services, and the students in those districts that have less ability to pay may face a relative deprivation of educational opportunity.

Prices differentiated by ability to pay (e.g., school district size, wealth or tax effort) would not seem to provide equity. School district revenues, largely derived from taxpayer revenues and the Commonwealth's basic education subsidy, are already determined by these same equity variables. Therefore, differentiated prices would seem to duplicate the equity effort already in place in existing State and local funding mechanisms.

The recent evolution of the definition of equity in education from access to adequacy expands the appropriate measure of equity from a focus on inputs (expenditures on students) to include outputs (results from education). In turn, the emphasis on educational results will renew the focus on the quality of education achieved in the most cost-efficient way.

EQUITY AND THE INTERMEDIATE UNIT

The IUs constitute a unique component in the Commonwealth's educational system. Unlike the 501 school districts, they form a statewide network of manageable size that facilitates the communication of ideas from one unit to the next and readily permits collaboration. Because of this they are ideally positioned to augment the effectiveness of any State program that contributes to equity. At the same time, IU staff has an intimate connection to the classroom, which allows them to become as involved and aware of equity issues as the districts themselves. In view of the rapid changes in educational practices in response to the current educational reform movement, the entrepreneurial orientation of the IUs confers a unique advantage that complements the other components of our public school system. The IUs have a substantial impact in improving the efficiency and quality of educational offerings by obviating the duplication of effort that would be required if each district were to perform each task on its own.

The following section lists dozens of specific programs that the IUs engage in; many of these contribute substantially to making the educational system more equitable. The working group indicated that IUs provide services that school districts are incapable of providing themselves; among the most important of these roles as identified by the working group were staff development, curriculum development and technological initiatives,

such as distance learning. The broad program of auxiliary services to nonpublic schools helps assure that all Pennsylvania children receive some benefit from the public school system. The IUs are active in providing instruction in English as a second language, thus helping to remove a barrier to the success of immigrant pupils.

At the same time, the IUs assist school districts by consolidating administrative services, from strategic planning to payroll administration. Bulk purchasing through the IUs cuts costs by permitting school districts to take advantage of quantity discounts from suppliers. In addition, the IUs have been instrumental in making teachers aware of the Commonwealth's new professional and curriculum standards.

CURRENT INTERMEDIATE UNIT OPERATIONS

The 29 Pennsylvania IUs serve as an intermediary between the Pennsylvania Department of Education and school districts and nonpublic schools. As noted above, the IUs were created to act as instruments of federal, State and local education policies and to achieve economies of scale in the provision of needed services to school districts and nonpublic schools.

This section of the report details the current operations of the IUs. Services provided are summarized and briefly discussed. Revenues and expenditures are summarized and analyzed in several different ways.

SERVICES

IUs offer a wide variety of resources and services to school districts and nonpublic schools on the basis of locally identified needs. In general, they coordinate and perform instructional, assessment, instructional enhancement and development, professional development, technical, and administrative functions.

The Public School Code[43] specifically authorizes IUs to adopt programs and services under seven general categories:

- curriculum development and instructional improvement services
- educational planning services
- instructional materials services
- continuing professional education services
- pupil personnel services

[43] § 914-A(5); 24 P.S. § 9-964(5).

- State and federal agency liaison services
- management services

The IUs are responsible for the programs related to exceptional children, educational broadcasting, audio-visual libraries and instructional materials.[44] The IU board may operate an area vocational-technical school if designated by the school's directors as the responsible agent.[45]

The following summary of services currently offered by IUs has been compiled from literature provided by the IUs and from interviews with the study working group. The list does not correspond directly to the service categories listed above; rather, it more closely reflects programs and services as grouped by the IUs.

Training and Development Services

- interpret education research trends and develop professional education programs for teachers
- offer seminars covering educational programming, subject-related developments, technological and communication skills, and other topical issues affecting administrators, teachers, support personnel and school directors
- provide leadership training to schools and communities
- maintain resource centers which house learning materials for teachers
- offer training to parents on systemic and budgetary changes and on behavioral management resources
- encourage dialogue and enhance communication between and among school districts, educators and parents

---

[44] § 914-A(7); 24 P.S. § 9-964(7).
[45] § 1850.2; 24 P.S. § 18-1850.2.

Technological Services

- offer instruction for teachers and students in use of computer, audio and video technology (for example, the Technology Mentor Training Program)
- conduct induction workshops
- secure equipment enabling students with disabilities to communicate and function in school and at home
- coordinate distance learning, whereby instruction at one site reaches multiple sites simultaneously
- conduct telecommunications, computing, teleconferencing, courier services, and technology assessments
- provide computerized record-keeping for students in special education programs
- promote proposed statewide technology initiatives, e.g., project Link to Learn
- promote and establish broadband computer networks

Instructional Materials Services

- maintain instructional materials centers and media libraries through the joint purchase of films, videos, laser discs and other non-print media
- offer other production facilities
- provide equipment repair and technology consultation services

Educational Planning Services

- facilitate collaborative curriculum development approaches and frameworks, program objectives and standards

- interpret and ensure implementation of state regulations and standards

- develop and implement curriculum and associated assessment procedures, providing local level and on-site technical assistance, if desired

- provide assistance in strategic planning and instructional leadership; for example, through consortium arrangements addressing grant writing, mathematics and science instruction, and drug and alcohol education and prevention

- identify and develop business-education partnerships creating educational opportunities

- act as communication link or bridge between local districts and Department of Education

Instruction and Pupil Personnel Services

Services to Children:

- evaluate children to determine eligibility for early intervention services; provide student tracking

- provide instruction for at-risk youth in teen parenting, drug and alcohol prevention, and alternative education programs

- provide continuum of instruction for students with disabilities: special classroom; community based instruction; transitional planning; instructional support; and assistance in mainstream class

- oversee and provide vocational education and instruction for migrant children

- manage coordination and collaboration among schools and service agencies (for example: partial hospitalization programs for students with emotional disturbances, and service integration with mental health providers)

- purchase transportation services

- offer health services and crisis intervention and support
- operate latch-key and extended day programs
- run job placement and school to work statewide support initiatives

Services to Adults:

- offer English as a Second Language, basic education, literacy and GED instruction
- provide training programs for business and industry, and the unemployed
- conduct parent education seminars for parents of students with special needs

Special Education Services

- develop educational program models for public schools
- develop procedure and infrastructure to achieve compliance with federal legal mandates
- offer educational programs, including: preschool/early intervention; multihandicapped support; support for hearing and sight impaired; occupational/physical therapy; emotional, autistic, and life-skills support; learning, and speech/language support; and gifted support

Cooperative Administrative Projects

- promote cost savings by acting as vendors of educational and support services to local school districts and through joint purchasing of school supplies and equipment
- provide audio-visual and microcomputer equipment repair
- provide consultation for administration and management of schools

- establish educational foundations to enhance resources
- offer insurance and employee health benefits
- provide computerized services for school administration, e.g., payroll
- create natural gas, electric and fuel oil consortiums
- create teacher recruiting consortiums
- provide management systems analysis and design services
- conduct personnel support and salary surveys
- provide public and government relations assistance
- provide assistance in meeting state and federal mandates, for example: technical assistance in implementation of Americans with Disabilities Act, Right to Know, AHERA (asbestos regulations), and compliance with Office of Civil Rights regulations
- provide space for administering programs and community meetings with public officials
- collect data for the Department of Education and collect and distribute data to the Department of Public Welfare

Statewide Programs and Services

- promote Governor's Schools for talented high school students
- establish consortiums for technology purchases
- provide technical assistance and resources for programs in special education, instructional support and at-risk programs
- establish cooperative ventures with the Department of Education
- assist in aid to nonpublic schools (Act 89 programs): guidance/counseling and testing; psychological services; services

for exceptional children, remedial reading and math; speech and hearing services; and services for the educationally disadvantaged children

- administer federal programs for students attending nonpublic schools

REVENUES AND EXPENDITURES

IUs have no independent taxing authority. The major sources of revenues are governmental grants, sales of services, member school district contributions, student tuition, and income from investments. Expenditures are made for employee salaries and benefits, purchases of professional and property services, and supplies and equipment. Fund balances smooth out minor year-to-year mismatches between budgeted and actual revenues and expenditures.

Sources of Funds

Tables 1 and 2 show IU revenues categorized by program type; the data are for the fiscal year ending June 30, 1996, and are taken from the Annual Financial Reports prepared by the IUs. Included are the two IU fund types which contain the bulk of their current operating and dedicated fund revenues: the General Fund and Special Funds.

For fiscal year 1996, IU General Fund revenues totaled $360.8 million (Table 1). Funding for the seven service categories specifically authorized under Public School Code § 914-1(5) represented about $48.1 million, or 13.3 percent of total General Fund revenues. Funding for federally funded programs provided by the IUs made up nearly half, and Act 89

Table 1

PENNSYLVANIA INTERMEDIATE UNITS
GENERAL FUND REVENUES, BY PROGRAM TYPE
FISCAL YEAR ENDING JUNE 30, 1996

	Intermediate unit no. and name	Administration	Curriculum development and instructional improvement[1]	Educational planning[1]	Instructional materials[1]	Management[1]	Continuing professional education[1]	Pupil personnel[1]	State and federal liaison[1]	Federal	Medical assistance	Act 89	Total
1	Intermediate Unit 1	$2,097,111	$106,935	$0	$45,188	$0	$0	$0	$0	$3,309,485	$40,609	$948,655	6,547,983
2	Pittsburgh-Mount Oliver	739,094	0	0	0	0	0	0	504,857	5,185,602	0	2,680,053	9,109,605
3	Allegheny	2,648,227	711	0	14,559	(401)	0	155	4	19,516,378	11,023,413	4,936,535	38,139,580
4	Midwestern	1,209,726	105,535	103,399	500,440	584,542	109,257	0	124,669	13,474,644	2,803,570	959,314	19,975,095
5	Northwest Tri-County	246,151	120,427	0	516,850	99,974	0	0	2,353,413	7,244,937	10,753	2,291,863	12,884,368
6	Riverview	2,355,971	0	0	0	0	0	0	0	3,274,692	0	505,790	6,136,453
7	Westmoreland	4,889,675	153,911	0	143,181	273,274	0	0	0	0	0	1,005,852	6,465,894
8	Appalachia	2,150,075	0	0	0	0	0	264,904	0	4,005,047	68,878	1,554,667	8,043,570
9	Seneca Highlands	253,182	91,153	0	303,738	80,399	0	46,429	519,326	3,467,963	0	478,919	5,241,109
10	Central	919,086	309,418	593,712	234,781	0	52,673	0	74,019	3,562,026	135,949	365,710	6,247,376
11	Tuscarora	671,482	137,108	0	177,223	89,516	0	0	1,267,240	4,780,953	61,321	323,957	7,508,799
12	Lincoln	1,948,891	928,676	0	0	0	0	0	2,659,056	7,423,436	93,726	1,524,957	14,578,743
13	Lancaster-Lebanon	1,792,952	340,073	0	769,074	815,500	242,991	2,244,398	0	11,275,075	952,111	3,381,796	21,813,968
14	Berks County	1,681,769	76,525	40,302	718,009	89,123	91,666	192,764	0	10,253,213	172,490	1,206,212	14,522,073
15	Capital Area	2,635,009	345,307	0	797,710	60,026	0	0	83,718	4,336,255	31,039	1,928,740	10,217,804
16	Central Susquehanna	1,096,687	6,911	0	368,473	373,464	283,662	0	4,990,358	12,247,495	78,790	890,939	20,336,778
17	BLaST	1,371,146	0	6,660	316,603	0	0	0	4,565	2,832,653	12,604	503,722	5,047,952
18	Luzerne	2,571,777	0	0	0	0	0	0	0	2,269,065	8,100	2,155,524	7,004,466
19	Northeastern Educational	4,244,014	255,875	1,693	397,363	0	0	0	0	2,940,701	0	1,535,653	9,375,299
20	Colonial Northampton	1,089,006	169,371	0	285,551	172,669	0	0	0	3,155,266	0	1,724,024	6,595,887
21	Carbon-Lehigh	1,603,747	19,266	0	18,629	6,505	0	0	0	2,589,373	49,187	1,305,571	5,592,278
22	Bucks County	2,665,014	435,919	0	483,987	265,315	425,296	0	129,586	4,246,033	0	3,569,871	12,221,021
23	Montgomery County	528,597	151,923	0	1,675,936	5,400,971	0	0	95,851	9,711,451	264,622	6,790,256	24,619,607
24	Chester County	3,068,225	0	356,016	721,374	7,300,113	0	0	118,510	7,419,984	31,645	2,184,612	21,200,479
25	Delaware	3,562,653	0	0	0	0	0	0	0	3,640,955	5,379,917	4,645,347	17,228,872
26	Philadelphia	0	0	0	0	952,625	0	0	0	12,789,514	3,995,035	13,984,030	31,721,204
27	Beaver Valley	722,659	0	0	0	0	60,565	0	0	1,354,449	74,382	470,987	2,683,042
28	ARIN	1,573,355	96,564	0	19,274	0	0	0	609,315	2,203,110	0	304,041	4,805,659
29	Schuylkill	1,569,315	512,823	0	0	0	0	0	0	2,230,771	0	641,510	4,954,420
Total		51,904,594	4,364,429	1,101,781	8,507,944	16,563,614	1,266,110	2,748,649	13,534,486	170,740,527	25,288,142	64,799,108	360,819,384
Percentage of total		14.4%	1.2%	0.3%	2.3%	4.6%	0.3%	0.8%	3.8%	47.3%	7.0%	18.0%	100.0%

1. Service categories included in Public School Code, § 914-A(5).

NOTE: Details may not sum to totals because of rounding.

SOURCE: Pennsylvania Department of Education, Comptroller's Office, *Intermediate Unit Annual Financial Reports, Fiscal Year End 6/30/96.*

Table 2

PENNSYLVANIA INTERMEDIATE UNITS
SPECIAL FUND REVENUES, BY PROGRAM TYPE
FISCAL YEAR ENDING JUNE 30, 1996

Intermediate unit no.	and name	Special education	Transportation	Early intervention	Institutionalized children	Total
1	Intermediate Unit 1	$19,056,915	$3,850,673	$1,266,920	$0	$24,174,508
2	Pittsburgh-Mount Oliver	55,532,972	4,594,244	1,849,281	655,568	62,632,065
3	Allegheny	32,578,535	1,293,891	4,896,467	436,755	39,205,648
4	Midwestern	8,273,870	573,135	1,721,829	652,987	11,221,821
5	Northwest Tri-County	13,016,854	1,474,888	1,660,066	71,982	16,223,790
6	Riverview	4,769,225	759,235	932,929	286,619	6,748,007
7	Westmoreland	16,747,590	2,042,221	1,322,485	178,822	20,291,119
8	Appalachia	9,504,547	2,858,123	1,769,302	227,869	14,359,840
9	Seneca Highlands	7,239,749	649,055	733,734	0	8,622,538
10	Central	4,039,614	1,991,702	1,460,865	123,471	7,615,652
11	Tuscarora	1,124,524	477,403	3,874,647	0	5,476,575
12	Lincoln	25,554,369	4,296,924	2,541,885	1,571,308	33,964,485
13	Lancaster-Lebanon	14,813,900	2,996,576	2,714,671	0	20,525,147
14	Berks County	2,984,571	1,299,181	1,822,272	74,916	6,180,940
15	Capital Area	14,731,459	4,142,903	2,968,743	1,417,635	23,260,740
16	Central Susquehanna	5,279,735	584,880	1,255,240	369,284	7,489,140
17	BLaST	2,380,561	64,229	771,030	238,768	3,454,589
18	Luzerne	8,762,039	1,170,093	0	0	9,932,132
19	Northeastern Educational	12,096,299	3,613,816	1,438,246	4,048,312	21,196,673
20	Colonial Northampton	9,460,373	1,583,904	2,252,066	114,002	13,410,345
21	Carbon-Lehigh	7,705,703	1,686,795	1,667,624	0	11,060,122
22	Bucks County	16,850,630	2,715,921	3,560,900	4,364,963	27,492,414
23	Montgomery County	12,181,767	3,784,162	5,856,477	1,566,151	23,388,557
24	Chester County	13,867,672	2,742,244	2,653,750	388,719	19,652,385
25	Delaware	14,690,091	10,900	3,866,535	2,489,299	21,056,826
26	Philadelphia	159,270,978	21,915,650	15,412,872	468,772	197,068,272
27	Beaver Valley	4,685,925	273,283	651,055	962,023	6,572,286
28	ARIN	5,653,470	1,890,545	605,909	0	8,149,924
29	Schuylkill	13,467,523	1,589,796	746,412	0	15,803,732
	Total	516,321,460	76,926,375	72,274,212	20,708,225	686,230,273
	Percentage of total	75.3%	11.2%	10.5%	3.0%	100.0%

NOTE: Details may not sum to totals because of rounding.

SOURCE: Pennsylvania Department of Education, Comptroller's Office, *Intermediate Unit Annual Financial Reports, Fiscal Year End 6/30/96.*

programs[46] and administrative revenues added another one-third, to the General Fund total. IU Special Funds totaled $686.2 million (Table 2). Over three-quarters of this total was related to the special education programs provided by the IUs. Other Special Fund revenues were used for special education transportation, and programs for early intervention and institutionalized children.

Special education programs provided by the IUs include both programs funded directly by the State, and programs purchased from the IUs by school districts. In fiscal year 1995, about $1.034 billion was budgeted by the State to the school districts for special education. One-third of these funds were redirected to the IUs for purchasing special education services; the remainder was used for special education programs provided by the school districts themselves. However, the percentage of special education programs provided for school districts by IUs varied significantly across IUs, from a low of 3 percent to a high of 93 percent. Moreover, the percentage of special programs provided for school districts by IUs does *not* appear to be strongly related to either school district enrollments or to school district wealth (MV/PI aid ratios); in fact, there is a weak *positive* relationship between this percentage and school district wealth. Apparently, the use of IUs for special education by the school districts depends on factors other than school district enrollment and wealth. With regard to special education, the IUs do not primarily serve small or poor school districts.

Combined, IU General Fund and Special Funds revenues totaled about $1.047 billion in fiscal year 1996.

---

[46]Act 89 refers to the act of August 1, 1975 (P.L.180, No.89), which added § 922.1-A (25 P.S.§ 9-972.1) to the Public School Code. The provision directs the IUs to provide a program of auxiliary services to nonpublic school students attending nonpublic schools within the IU's jurisdiction. Auxiliary services are guidance, counseling and testing services; psychological services; visual services; services for exceptional children; remedial services; speech and hearing services; services for the educationally disadvantaged; and "such other secular, neutral, nonideological services as are of benefit to all school children and are presently or hereafter provided for public school children of the Commonwealth" (§ 922.1-A(b)). In the case of psychological services and visual services, the Department of Education may choose to deliver the services directly, without using the IUs. Services in all cases are limited to those that are provided to public school children. The purpose of the program is to provide educational services to nonpublic school children in such a fashion as to comply with the Establishment Clause of the First Amendment. The program is funded by an allocation from the Department of Education to the IUs of $72 for each nonpublic school student enrolled within the IU. This amount is adjusted "whenever there is an increase in the median annual instruction expense per WADM" (§ 922.1-A(d)).

Table 3 shows total IU revenues categorized by source. State revenue sources made up the largest portion, and included direct State funding for the Special Fund programs shown in table 2, Act 89 programs, transportation, and general operating and capital subsidies. State revenues are also used for IU employer Social Security and retirement contributions. Local sources included funding from local government units, tuition from students, and revenues from community activities. Federal sources included funding for the various programs mandated by federal laws. Other sources included member school district and local education agency payments for IU service.

The sources of funding for the IUs vary widely and depend on the mix of services offered by each unit.[47] In the case of Pittsburgh-Mt. Oliver and Philadelphia, the IU and school district are the same; therefore, IU revenues must be viewed together with school district revenues.

Uses of Funds

Table 4 shows IU expenditures categorized by type; again, the data are for fiscal year 1996, and are taken from IU Annual Financial Reports. For fiscal year 1995-96, IU General Fund and Special Funds expenditures totaled $1.039 billion.

Expenditures for instruction accounted for nearly two-thirds of total current operating expenditures, with salaries and benefits equaling almost one-half of total IU expenditures. Expenditures for instructional support made up most of the balance. Administrative and business expenditures amounted to about 9 percent of total IU expenditures; miscellaneous expenditures amounted to another 2 percent of total expenditures.

For fiscal year 1995-96, IU operating revenues exceeded IU operating expenditures by about $8.0 million. This amount was added to IU fund balances.

Basis for Funding

The major sources of nonmarket revenue for the IUs are local, State and federal program grants, and the State general operating subsidy.

---

[47]Revenues may also vary because of data reporting inconsistencies by the IUs. Administrative expenses are a prime example of such inconsistencies. The extent of this variation is not known.

Table 3

PENNSYLVANIA INTERMEDIATE UNITS
TOTAL GENERAL FUND AND SPECIAL FUND REVENUES, BY SOURCE
FISCAL YEAR ENDING JUNE 30, 1996

Intermediate unit no. and name		Local sources	Percentage of total	State sources	Percentage of total	Federal sources	Percentage of total	Other sources	Percentage of total	Total
1	Intermediate Unit 1	$17,216,328	56%	$9,058,661	29%	$3,232,257	11%	$1,215,245	4%	$30,722,492
2	Pittsburgh-Mount Oliver	528,896	1	22,161,970	31	5,058,847	7	43,991,957	61	71,741,670
3	Allegheny	34,722,901	45	23,676,946	31	17,441,045	23	1,504,336	2	77,345,228
4	Midwestern	9,147,849	29	8,764,337	28	12,609,246	40	675,485	2	31,196,916
5	Northwest Tri-County	12,402,809	43	9,164,870	31	7,097,570	24	442,909	2	29,108,158
6	Riverview	961,841	7	5,092,185	40	2,842,998	22	3,987,436	31	12,884,460
7	Westmoreland	15,841,351	59	7,671,556	29	2,768,201	10	475,906	2	26,757,013
8	Appalachia	9,464,794	42	8,765,804	39	3,877,355	17	295,457	1	22,403,410
9	Seneca Highlands	6,754,691	49	3,387,133	24	3,361,953	24	359,869	3	13,863,647
10	Central	1,083,939	8	5,579,218	40	3,609,752	26	3,590,119	26	13,863,028
11	Tuscarora	1,033,703	8	6,664,486	51	4,719,560	36	567,625	4	12,985,374
12	Lincoln	25,925,737	53	14,021,145	29	7,707,386	16	888,960	2	48,543,227
13	Lancaster-Lebanon	17,127,661	40	13,169,385	31	11,027,606	26	1,014,463	2	42,339,115
14	Berks County	3,931,632	19	7,267,198	35	6,920,014	33	2,584,170	13	20,703,013
15	Capital Area	13,699,762	41	13,929,423	42	3,900,043	12	1,949,316	6	33,478,544
16	Central Susquehanna	2,743,309	10	7,567,986	27	11,647,607	42	5,867,016	21	27,825,918
17	BLaST	1,572,673	18	2,954,305	35	2,053,006	24	1,922,558	23	8,502,541
18	Luzerne	8,389,806	50	6,012,653	36	2,190,463	13	343,676	2	16,936,598
19	Northeastern Educational	1,694,677	6	13,145,455	43	2,940,701	10	12,791,138	42	30,571,972
20	Colonial Northampton	947,434	5	8,044,514	40	2,601,192	13	8,413,092	42	20,006,232
21	Carbon-Lehigh	6,585,775	40	6,782,615	41	2,638,560	16	645,449	4	16,652,400
22	Bucks County	16,529,858	42	17,082,438	43	4,141,664	10	1,959,474	5	39,713,435
23	Montgomery County	2,321,082	5	25,139,372	52	8,989,735	19	11,557,976	24	48,008,164
24	Chester County[1]	4,586,741	12	13,464,482	26	7,025,446	19	15,776,193	43	40,852,863
25	Delaware	16,152,722	42	15,691,042	41	3,639,262	10	2,802,670	7	38,285,696
26	Philadelphia	490,403	0	88,108,257	39	16,374,803	7	123,816,013	54	228,789,476
27	Beaver Valley	547,567	6	3,507,594	38	1,392,743	15	3,807,424	41	9,255,328
28	ARIN	982,159	8	4,638,462	36	2,203,110	18	5,131,852	39	12,955,584
29	Schuylkill	11,811,399	57	4,720,584	23	2,230,771	11	1,995,397	10	20,758,152
	Total	245,199,499	23	375,234,078	36	166,242,897	16	260,373,180	25	1,047,049,654
	Average	8,455,155		12,939,106		5,732,514		8,978,385		36,105,160
	Percentage of total	23.4%		35.8%		15.9%		24.9%		100.0%

1. In the Chester County IU, the Center for Arts and Technology (AVTS campuses) is a Component Unit. For fiscal year ending June 30, 1996 the CAT had revenues as follows: Local sources, $969,512; State sources, $948, 437; Federal sources, $0; Other sources, $6,914,870; Total, $8,832,819. These revenues are not included in the table. They are reported on PDE Form 2057.

NOTE: Details may not sum to totals because of rounding.

SOURCE: Pennsylvania Department of Education, Comptroller's Office, *Intermediate Unit Annual Financial Reports, Fiscal Year End 6/30/96.*

Table 4

PENNSYLVANIA INTERMEDIATE UNITS
TOTAL GENERAL FUND AND SPECIAL FUNDS EXPENDITURES, BY TYPE
FISCAL YEAR ENDING JUNE 30, 1996

Intermediate unit no. and name		Salary and benefits	Purchased professional and technical services and other instruction	Total instruction	Administration and business	Transportation	Other support	Total support	Other expenses	Total
1	Intermediate Unit 1	$18,581,442	$1,582,382	$20,163,824	$1,677,506	$3,803,734	$3,936,539	$9,417,779	$902,233	$30,483,836
2	Pittsburgh-Mount Oliver	3,102,904	65,255,317	68,358,221	1,029,884	0	2,524,247	3,554,132	78,835	71,991,188
3	Allegheny	41,146,402	7,840,349	48,986,751	6,962,957	1,314,146	18,871,054	27,148,156	1,037,154	77,172,062
4	Midwestern	12,473,565	7,744,237	20,217,802	2,474,186	573,116	6,613,038	9,660,339	875,442	30,753,583
5	Northwest Tri-County	16,051,775	1,899,318	17,951,093	2,678,111	1,558,358	6,510,295	10,746,764	357,492	29,055,349
6	Riverview	6,025,619	627,909	6,653,528	2,063,562	682,269	3,154,741	5,900,572	203,273	12,757,373
7	Westmoreland	16,558,088	1,430,253	17,988,341	2,368,293	2,143,771	3,737,273	8,249,336	376,286	26,613,963
8	Appalachia	8,901,841	1,376,392	10,278,233	3,466,202	2,820,753	4,954,882	11,241,836	1,065,329	22,585,398
9	Seneca Highlands	8,683,733	860,314	9,544,047	1,057,293	677,652	2,288,651	4,023,596	97,548	13,665,190
10	Central	4,994,384	1,467,496	6,461,880	2,513,409	1,694,989	2,800,582	7,008,980	0	13,470,860
11	Tuscarora	2,841,775	517,399	3,359,173	2,554,327	434,107	6,453,838	9,442,272	281,577	13,083,022
12	Lincoln	25,038,416	3,849,155	28,887,571	4,504,669	4,323,904	10,537,965	19,366,538	288,417	48,542,526
13	Lancaster-Lebanon	17,843,540	3,116,408	20,959,948	10,488,111	2,963,494	7,280,347	20,731,951	340,366	42,032,266
14	Berks County	4,398,499	919,309	5,317,808	3,635,628	1,521,850	5,688,111	10,845,589	4,674,201	20,837,599
15	Capital Area	13,132,746	3,212,564	16,345,310	4,409,644	4,073,997	6,476,039	14,959,680	1,739,436	33,044,426
16	Central Susquehanna	7,963,874	1,403,203	9,367,078	3,305,688	704,390	13,470,890	17,480,968	681,503	27,529,548
17	BLaST	2,712,528	1,169,407	3,881,935	2,049,955	67,314	2,008,012	4,125,281	52,550	8,059,766
18	Luzerne	9,347,401	621,801	9,969,202	1,264,631	1,194,890	4,271,423	6,730,944	156,081	16,856,227
19	Northeastern Educational	15,358,941	767,534	16,126,475	3,657,797	3,681,022	4,822,857	12,161,677	2,249,289	30,537,441
20	Colonial Northampton	9,429,447	1,423,272	10,852,719	2,820,756	1,580,286	4,403,895	8,804,937	135,149	19,792,805
21	Carbon-Lehigh	7,768,557	1,830,922	9,599,480	1,894,414	1,447,027	3,137,807	6,479,250	382,676	16,461,404
22	Bucks County	19,965,793	5,149,044	25,114,837	3,529,677	2,799,454	6,408,230	12,737,361	2,041,431	39,893,629
23	Montgomery County	19,281,625	5,820,562	25,102,187	6,845,443	3,488,493	11,700,159	22,034,095	281,061	47,417,343
24	Chester County[1]	15,761,024	6,234,786	21,995,810	4,306,511	2,947,397	8,968,039	16,221,946	1,829,692	40,047,449
25	Delaware	16,252,370	5,168,523	21,420,893	3,939,234	12,519	10,282,798	14,234,550	2,566,488	38,221,931
26	Philadelphia	143,757,141	31,037,683	174,794,824	6,887,708	21,631,390	21,759,764	50,278,862	14,275	225,087,961
27	Beaver Valley	5,412,290	671,951	6,084,241	1,025,604	451,269	1,867,233	3,344,106	0	9,428,347
28	ARIN	5,651,183	583,445	6,234,627	1,842,194	1,866,568	2,418,557	6,127,319	670,186	13,032,133
29	Schuylkill	10,310,855	733,568	11,044,423	2,970,351	1,589,796	3,548,237	8,108,384	1,416,115	20,568,922
	Total	488,747,759	164,314,503	653,062,262	98,223,746	72,047,955	190,895,501	361,167,202	24,794,082	1,039,023,546
	Percentage of total	47%	16%	63%	9%	7%	19%	35%	2%	100%

1. In the Chester County IU, the Center for Arts and Technology (AVTS campuses) is a Component Unit. For fiscal year ending June 30, 1996 the CAT had expenditures as follows: Salary and benefits, $4,506,737; Other instruction, $824,049; Administration and business, $1,603,837; Transportation, $4,127; Other support, $1,869,369; Other expenses, $208, 683; Total, $9,016,802. These expenditures are not included in the table. They are reported on PDE Form 2057.

NOTE: Details may not sum to totals because of rounding.

SOURCE: Pennsylvania Department of Education, Comptroller's Office, *Intermediate Unit Annual Financial Reports, Fiscal Year End 6/30/96.*

The State general operating subsidy to each IU has three components: (1) a constant amount related to the Commonwealth appropriation to the former county superintendent offices; (2) one-half of the remaining total appropriation to all IUs, multiplied by the IU's share of the total statewide Average Daily Membership; and (3) the other half of the remaining total appropriation to all IUs, divided by 29. Presumably, the general operating appropriation is made by the State to insure the existence of each of the 29 IUs.

The following table compares the Pennsylvania's general operating appropriations to IUs to the State's general basic education budgets from 1971-72 to the present.[48]

STATE APPROPRIATIONS
FOR IU GENERAL OPERATING BUDGETS
COMPARED TO GENERAL EDUCATION BUDGETS

Fiscal year	Total IU funding (000s)	Total basic education funding (000s)	Percentage, IU funding to basic education funding	Average IU funding (000s)
1971-72	$7,290	$1,397,886	0.52%	$251
1975-76	8,713	1,888,806	0.46	300
1979-80	7,193	2,230,291	0.32	248
1983-84	9,562	2,763,664	0.35	330
1987-88	13,400	3,899,579	0.34	462
1991-92	14,175	4,817,986	0.29	489
1995-96	11,500	5,630,781	0.20	397
1996-97	5,500	5,703,214	0.10	190
1997-98	5,500	5,828,210	0.09	190

SOURCE: Commonwealth of Pennsylvania, *Governor's Executive Budget.*

In their first year, the IUs received 0.52 percent of the total basic education budget for operations; in fiscal year 1996-97, they received only 0.09 percent. Over their 27 year history, the IUs received an average of 0.33 percent of the total basic education budget. The highest point came in

[48]The data are presented in four-year intervals, except for the last three years.

1990-91, when the IUs received $14.175 million. The largest drop in operations funding came in fiscal year 1995-96, when IU funding fell by nearly 53 percent. The IUs have experienced a nearly continual decline in proportional funding levels since their inception.

State program grants are generally related to students served in the various IU programs. Since 1991, State special education grants for most programs have been made directly to school districts; in prior years, the grants went to the IUs which provided the special education services to school districts. After this funding change, school districts could either produce the programs themselves, or purchase them from the IUs. Act 89 grants are determined by the number of nonpublic school students enrolled within each IU. Transportation grants are determined by the number of students transported by each IU. Federal program grants are similarly related to students served. State and federal grants are made to IUs as the instruments of State and federal educational policies.

Accounting for Funding

The IUs prepare two reports on an annual basis for submission to the Pennsylvania Department of Education (PDE): the Administrative, Summary and Program Budgets (PDE Form 2054) and the Annual Financial Report (PDE Form 2056). Both reports standardize IU revenues and expenditures for the Department of Education comparison and analysis, but contain only dollars, not related output or input units. The Annual Financial Report is a balance sheet, income statement and flow-of-funds statement. The Department of Education, in turn, collects and summarizes the data contained in the Annual Financial Reports from the IUs and forwards the totals to the U.S. Census Bureau. The IUs also produce annual reports, as well as other internal reports, for distribution to their boards, member school districts and the public.

Economies of Scale

An explicit goal of Act 102 was the achievement of economies of scale for school districts through the joint purchasing, administrative and service programs provided by the IUs. These programs could include services provided to a large number of school districts, such as personnel, repairs, transportation, printing and copying, as well as management, curriculum development, instructional media services, federal program liaison and technology systems development. No comprehensive study of the

overall cost savings attributable to IUs has been made. However, examples of specific cost saving programs are included in a report to the House Education Committee.[49] These examples would appear to indicate that significant cost savings have been realized from the IU programs.

[49]Pennsylvania Association of Intermediate Units, *Pennsylvania Intermediate Unit System Report to the House Education Committee, March 4, 1997.* (This paper was presented by Executive Directors of the Intermediate Units of Pennsylvania at the committee's hearing on that date.)

RECOMMENDATIONS

From its study of the legislative history of the IUs, the recent court decisions regarding the definition and implementation of educational equity and their application to the IUs, and the current operations of the IUs, the Joint State Government Commission offers the following findings and recommendations.

1. **Enhance the Role of the IUs in Advancing the Principle of Educational Equity**. IU services mandated by federal, State and local governments have been made available to school districts and private schools, regardless of their size or wealth. Marketable services developed by the IUs have been made available to schools that would not otherwise be able to provide them, and to schools that are willing to pay for them. IU services and programs have apparently saved the schools a considerable amount of money. Thus the IUs have contributed to both equity and cost efficiency. The role of the IUs in creating equity and efficiency--as instruments of State education policy, and as entrepreneurs of creative and marketable services and programs--has been realized to a significant degree and should be expanded. Strengthening collaboration among IUs and their function as conduits for innovative new programs developed by the Department of Education, the school districts and the IUs, already very important, should allow them to play an even greater role in promoting educational equity process.

2. **Strengthen the Governance of the IUs for Greater Effectiveness and Accountability**. A central office should be established in the Department of Education to provide for standardization of administration and compliance enforcement and measurement of the IUs. This office would act as a voice for the IUs within State government and serve as a central point for dispersing State policy initiatives to the IUs. Revised and consistent reporting requirements for IU finances, and new reports for IU input and output units, would improve the

measurement of the IUs' contributions to equity and cost efficiency, and make the IUs more accountable. Revised budget approval methods for the IUs should be adopted. These new methods should reflect more closely the sources and importance of IU funding; they should also hold the IUs more accountable. An attempt should be made to standardize the quality of programs among the IUs. Standardized IU services would contribute to equity by making comparable resources available to all Pennsylvania students.

3. **Increase State Funding to the IUs to Maximize their Contribution**. To insure the existence of the IUs as a system, the State should provide an equal dollar subsidy for a core operation in each IU, such as a director, business manager and basic support staff, adjusted only for regional differences in costs. This State operating subsidy would guarantee a basic level of IU services to each member school district or private school, regardless of its size or wealth. Additional operating revenues for IU operations which exceed the core could still be assessed to member school districts based on their size and wealth. For services mandated by the State, funding should be provided directly by the State, tied to average statewide IU service or program costs, and adjusted by the size and wealth of the school districts that make up the IUs. Expanded services mandated and funded by the State, provided by IUs to students regardless of their ability to pay, would directly contribute to equitable educational access and adequacy. For pilot programs to establish new educational programs approved by the Department of Education, the State should give seed money to IUs for program start-ups. These funds would be phased out as the programs become self-sustaining. These temporarily subsidized programs, which might otherwise not be implemented, could lead to innovative new solutions to educational inequities.

BIBLIOGRAPHY

Alexander, Kern, and Richard G. Salmon. *Public School Finance.* Needham Heights, Mass.: Allyn and Bacon, 1995.

California Association of County Superintendents of Schools, Holmes Commission on County Office of Education Services. *Basic Menu of Services Provided by California County Offices of Education and California Educational Service Regions.* Riverside County Office of Education, 1990.

Commonwealth of Pennsylvania. Governor's Advisory Commission on Academic Standards. *Foundations for Our Children's Future: The Proposed Academic Standards from the Governor's Commission.* Harrisburg, 1997.

Commonwealth of Pennsylvania. Governor's Committee of One Hundred for Better Education. *Recommendations for Legislation Leading to an Improved Program for Education in Pennsylvania.* Harrisburg, 1963.

Commonwealth of Pennsylvania. Governor's Committee on Education. *E Pluribus Unum: A Statistical Study of Pennsylvania School Districts in 1960.* Educational Research Monograph No. 5. Harrisburg, 1960.

Commonwealth of Pennsylvania. Joint State Government Commission. *Public School Attendance Areas.* Harrisburg, 1951.

Commonwealth of Pennsylvania. Pennsylvania Department of Education. *Selected Expenditure Data for Pennsylvania Public Schools, 1994-95.* Harrisburg, 1996.

Commonwealth of Pennsylvania. Pennsylvania Department of Education. *Selected Revenue Data and Equalized Mills for Pennsylvania School Districts, 1994-95.* Harrisburg, 1996.

Commonwealth of Pennsylvania. Pennsylvania Department of Public Instruction. *Reports of Group Recorders, Pennsylvania State Education Conference.* Harrisburg, 1955.

Commonwealth of Pennsylvania. State Board of Education. *An Intermediate Unit for Pennsylvania.* Harrisburg, 1967.

Fielding, Glen. *Education Service Districts in Oregon: A Review of the Literature and an Analysis of Policy Issues.* Marion Education Service District: Oregon State Board of Education 1991.

Frye, Edward T. "Moving to Market Driven ESAs." *Perspectives* 3 (September 1997): 1-7.

Galvin, Patrick. "The Physical Structure of Regional Educational Service Agencies: Implications for Service and Equity Goals," *Journal of Research in Rural Education*, 2 (Fall 1995): 105-113.

Harding, Edie and Thomas Sykes. *Washington's Educational Service Districts: Design for an Evaluation.* Olympia, Wash.: Washington State Institute for Public Policy, Evergreen State College. 1994.

Heise, Michael. "State Constitutions, School Finance Litigation, and the 'Third Wave': From Equity to Adequacy." 68 Temple Law Review 1151 (1995).

McMahon, Walter W. and Terry G. Geske, eds. *Financing Education.* Urbana, Ill.: University of Illinois Press, 1982.

Montgomery, Deborah. "A Profile of Special Education Finance Reform in Oregon." Center for Special Education Finance, 1995.

Morrison, Linda. "Improving School Accounting: A Catalyst for Reform." *The Commonwealth Foundation for Public Policy Alternatives* (October 1997): 1-19.

Myers, John L., Terry N. Whitney and John Augenblick. *Final Report Education Equity in Pennsylvania.* National Conference of State Legislatures (NCSL), 1992.

National Education Association. *The Community School and The Intermediate Unit.* Washington, D.C., 1954.

Pennsylvania Association of Intermediate Unit Executive Directors. *Pennsylvania Intermediate Unit System Report to the Pennsylvania Legislature*, November 1992. [Photocopy].

Pennsylvania Association of Intermediate Units. *Pennsylvania Intermediate Unit System Report to the House Education Committee March 4, 1997.* [Photocopy].

Pennsylvania General Assembly. Legislative Budget and Finance Committee. *A Review of the Commonwealth's Early Intervention Programs, Summary and Recommendations.* Harrisburg, 1996.

Pennsylvania General Assembly. Legislative Budget and Finance Committee. *Report on the Pennsylvania Intermediate Unit System.* Harrisburg, 1976.

Research for Better Schools, Inc. *Directory of Regional Educational Resource Organizations in the Mid-Atlantic Region.* Philadelphia, 1990.

Service Centers 2000 Task Force Report. Presented to the Commissioner of Education. Austin, Tex., 1996.

Shaw, Glen David. "Characteristics of Effective Educational Service Agencies: A Study Using the Nominal Group Technique and Delphi Methodology." Ph.D. diss., University of Minnesota, 1993.

Stanley, Malchan Craig. "Analysis of Potential Effectiveness of Educational Collaborative Service Expansion." Ph.D. diss., Boston College, 1992.

Stephens, E. Robert. *A Brief History of State-Sponsored Interdistrict Coordination and Some Conjectures About the Future Direction of this Policy Strategy.* San Francisco: Far West Laboratory for Education Research and Development, 1989.

_____. "Developments in State Performance Accountability Systems for Educational Service Agencies," [Photocopy]. American Association of Educational Service Agencies, Monterey, Cal. 1997.

_____. "The Design of Standards and Performance Measures for Educational Service Agencies." Institute for Regional and Rural Studies in Education, Edmund, Okla., 1997.

Stephens, E. Robert, and Lee Christiansen. "Filling the Vacuum: The Beginnings of a National Database on Educational Service Agencies." *Perspectives* 1 [1995]: 1-8.

Stephens, E. Robert, and Hobart L. Harmon. "Cost Analysis Studies of Programs and Services of State Networks of ESAs." *Perspectives* 2 (September 1996): 7-21.

Stephens, E. Robert, and Walter G. Turner, *Approaching the Next Millennium: Educational Service Agencies in the 1990s.* Arlington, Va.: American Association of Educational Service Agencies, 1991.

Thro, William E. "To Render Them Safe: The Analysis of State Constitutional Provisions in Public School Finance Reform Litigation." 75 Virginia Law Review 1639 (1989).

Yin, Robert K., and Gwaltney, Margaret K. "Organizations Collaborating to Improve Educational Practice." Cambridge, Mass.: Abt Associates, Inc., 1981.

APPENDIX A: RESOLUTION

CORRECTIVE REPRINT

PRIOR PRINTER'S NO. 1030 PRINTER'S NO. 1184

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 89 Session of 1997

INTRODUCED BY STAIRS, COWELL, SCHULER, EGOLF, HERMAN, STEVENSON, ROBINSON, C. WILLIAMS, STEELMAN, L. I. COHEN, BROWN, BAKER, LYNCH, TIGUE, HERSHEY, GEIST, SAYLOR, CAPPABIANCA, BROWNE, RAMOS, MILLER, LAUGHLIN, RUBLEY, STERN, E. Z. TAYLOR, RAYMOND, GRUPPO, BUNT, YOUNGBLOOD, ITKIN, SHANER, WALKO, GIGLIOTTI, TRELLO, SAINATO, ROBERTS, MELIO, PISTELLA, READSHAW, CIVERA, NICKOL, TRUE, DONATUCCI, HALUSKA, FAIRCHILD, DALLY, B. SMITH, PESCI, JAROLIN, YEWCIC AND ROSS, MARCH 18, 1997

REFERRED TO COMMITTEE, ON RULES, MARCH 18, 1997

A RESOLUTION

Requiring a study of the Commonwealth's Intermediate Units and their role in equity.

WHEREAS, The principle of equity in the delivery of basic education programs and services has become a serious public policy issue throughout Pennsylvania; and

WHEREAS, Equity should be pursued through a combination of public policy measures; and

WHEREAS, There is a continual need to provide high quality educational programs and services in a manner that is cost-effective for the 501 school districts and the taxpayers of this Commonwealth; and

WHEREAS, It is necessary to identify methods that provide the most equitable utilization of scarce financial resources; and

WHEREAS, the 29 intermediate units were created statutorily

by the General Assembly in 1970 to provide all those essential services for school districts formerly provided by the 67 county superintendent offices; such essential services include curriculum development and instructional improvement, educational planning, instructional materials services, continuing professional development, pupil personnel services, Federal and State liaison services and general management services; and

WHEREAS, These intermediate units are regional infrastructures that assist public school districts and nonpublic schools by providing a vast array of basic education programs and services at a considerable cost savings; and

WHEREAS, The intermediate units offer a more favorable economy of scale than is available to individual schools in the delivery of certain basic education programs and services; and

WHEREAS, The intermediate units are providing cost-effective educational programs and services in a manner that supports local school autonomy and the neighborhood school concept; and

WHEREAS, There is a need to identify additional methods of promoting the principle of equity in student classrooms across Pennsylvania and to help attain the most cost-effective distribution of educational programs and services; and

WHEREAS, The intermediate units can implement educational change in an expeditious manner; therefore be it

RESOLVED, That the Joint State Government Commission conduct a study and report to the General Assembly as to how intermediate units currently assist schools and recommend specific strategies and methods for the intermeidate units to further help advance the principle of equity in the availability of basic education programs and services for Pennsylvania

students in the most cost-effective manner; and be it further

RESOLVED, The Joint State Government Commission select a working group of legislators, Intermediate Unit Executive Directors, other educators, and other interested public officials and private citizens to assist in the development of this report; and be it further

RESOLVED, That the Joint State Government Commission report its findings to the General Assembly no later than December 1, 1997.